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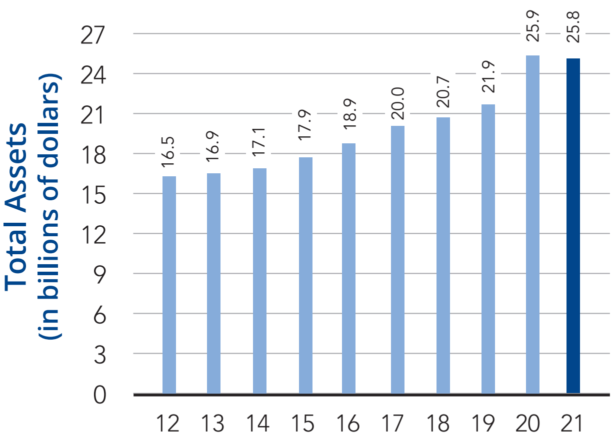
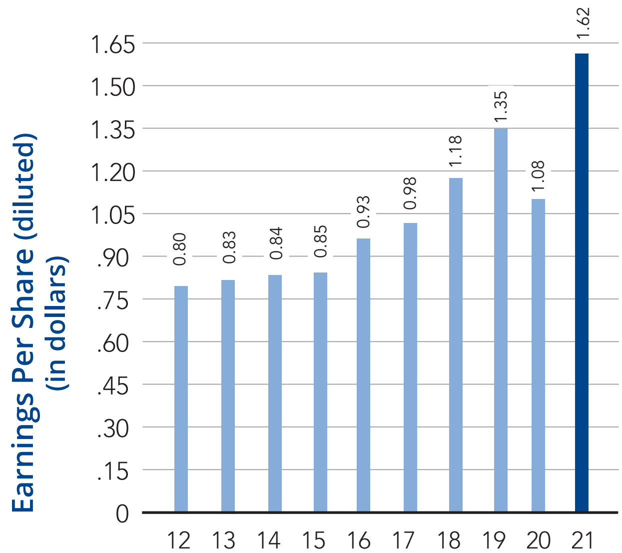
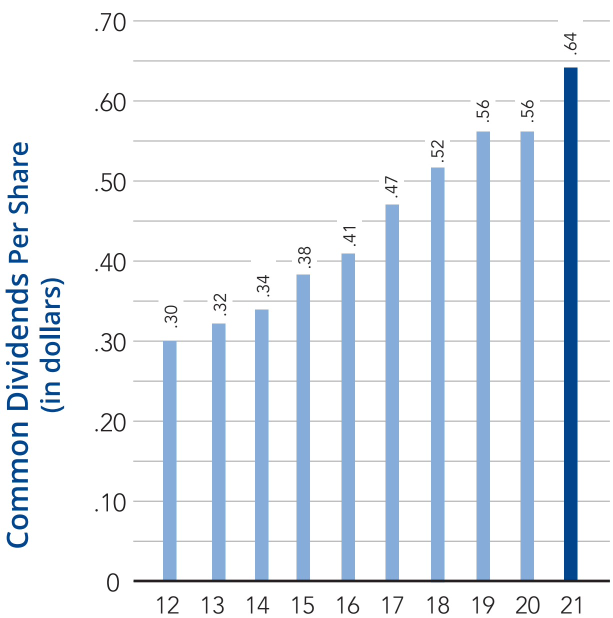
2021 ANNUAL REPORT

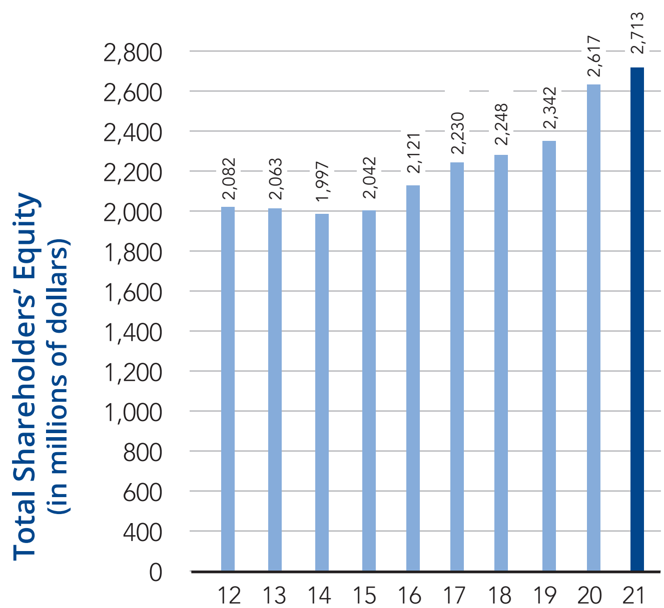
FULTON FINANCIAL CORPORATION

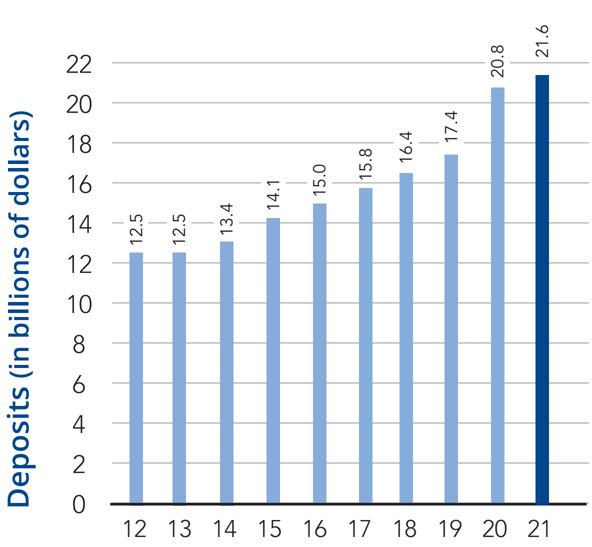
2012-2021

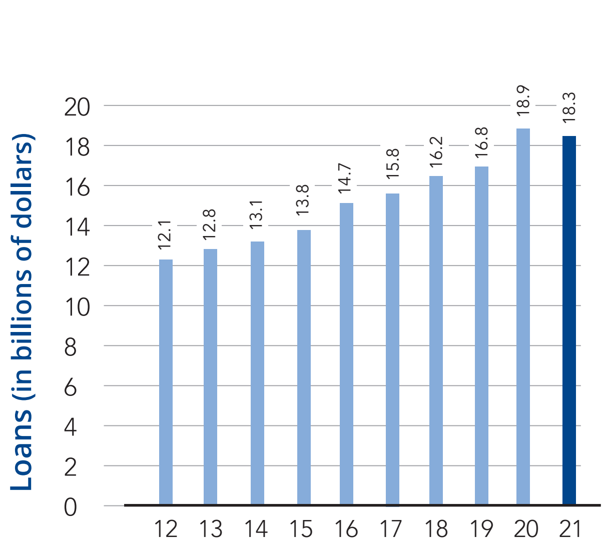

Total Assets
(in billions of dollars)
27 24 21 18 15 12 9 6 3 0
16.5 16.9 17.1 17.9 18.9 20.0 20.7 21.9 25.9 25.8
12 13 14 15 16 17 18 19 20 21


Earnings Per Share (diluted)
(in dollars)
1.65 1.50 1.35 1.20 1.05 .90 .75 .60 .45 .30 .15 0
0.80 0.83 0.84 0.85 0.93 0.98 1.18 1.35 1.08 1.62
12 13 14 15 16 17 18 19 20 21


Common Dividends Per Share
(in dollars)
.70 .60 .50 .40 .30 .20 .10 0
.30 .32 .34 .38 .41 .47 .52 .56 .56 .64
12 13 14 15 16 17 18 19 20 21


Total Shareholders' Equity
(in millions of dollars)
2,800 2,600 2,400 2,200 2,000 1,800 1,600 1,400 1,200 1,000 800 600 400 0
2,082 2,063 1,997 2,042 2,121 2,230 2,248 2,342 2,617 2,713
12 13 14 15 16 17 18 19 20 21


Deposits (in billions of dollars)
22 20 18 16 14 12 10 8 6 4 2 0
12.5 12.5 13.4 14.1 15.0 15.8 16.4 17.4 20.8 21.6
12 13 14 15 16 17 18 19 20 21


Loans (in billions of dollars)
20 18 16 14 12 10 8 6 4 2 0
12.1 12.8 13.1 13.8 14.7 15.8 16.2 16.8 18.9 18.3
12 13 14 15 16 17 18 19 20 21

Fulton Financial Corporation

Dear Shareholder:

2021 was a very good year for Fulton Financial Corporation. Our earnings per share for the year were $1.62 — a record for us. Other highlights included good loan growth, solid performance from our commercial and consumer fee-income businesses, and strong returns from our efforts related to the Small Business Association's Paycheck Protection Program, or PPP. In addition, we were pleased to report that credit costs were down significantly during the year as asset quality remained stable.

Our wealth management business had an outstanding year, producing record results. This performance was driven by strong sales efforts, client retention, and the cumulative effect of several small acquisitions. Our recurring fee business also benefited from the strength in the equity markets throughout the year.

The company's success was made possible thanks to the efforts of our 3,200+ team members who continued to fulfill Fulton's purpose to change lives for the better. They did this during times that continued to be challenging, given the lingering presence of the pandemic. In the second half of 2021, despite the ongoing COVID-related struggles around the world, the markets Fulton serves, and the overall economy, showed signs of recovery.

During the fourth quarter of 2021, we took advantage of a dip in our stock price and as of December 31, 2021, we had utilized approximately 60% of our $75 million share repurchase authorization. Also in the fourth quarter, we declared a special cash dividend of eight cents per share in 2021, double what we declared the previous year.

The first quarter of 2022 brought some exciting news: Fulton announced that we entered into an agreement to acquire Prudential Bancorp and its subsidiary bank, Prudential Bank. Prudential is based in Philadelphia and has ten financial centers and approximately 90 employees. This is our first bank acquisition since 2006, though in recent years we purchased several small wealth management firms, adding to the success of Fulton Financial Advisors which had $14.6 billion in assets under management and administration as of December 31, 2021.

As you may remember, Fulton identified Philadelphia as a strategically important market for us. In recent years, we opened four financial centers and a loan office throughout the city. We have also been fortunate to attract many talented employees with significant financial services expertise to join our team.

In addition to organic growth, Fulton recognized the need to identify acquisition opportunities that meet our strategic objectives. The acquisition of Prudential will enhance Fulton's presence in this highly attractive market and enable us to introduce new customers to our products and services and to our highly personalized, community-oriented style of banking. The acquisition will double Fulton's lending presence in Philadelphia and will expand our Philadelphia deposit base five-fold.

We achieved another milestone in the first quarter of 2022 by producing Fulton's first-ever Corporate Social Responsibility Report. We are delighted to have the opportunity to showcase how our team members are providing the best banking experience for our customers and strengthening the communities we serve. In recent years, we have developed a more formal and strategic approach to these activities. This has helped us to be even more effective at fulfilling that purpose and has enabled us to identify opportunities to do even more.

And lastly, in March, I announced my intent to retire as Chairman and CEO of Fulton effective December 31, 2022. It has been a privilege and a pleasure to have been a part of this company for the past 43 years, and I look forward to continuing to serve on the board of directors once my staff role comes to an end. I am so pleased that the board of directors has announced that Curt Myers will succeed me, assuming the role of Chairman, CEO and President effective January 1, 2023. Curt is a very visionary leader who has guided Fulton Bank through triumphs and challenges. With Curt at the helm, and the talented members of our senior management team adding their expertise, I am confident that Fulton will be in good hands.

Thank you for your support during my tenure as Chairman and CEO, your investment in Fulton, and your confidence in our team.

Very truly yours,

E. Philip Wenger
Chairman and CEO

This letter contains forward-looking statements with respect to our financial condition, results of operations and business. Do not unduly rely on forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "will," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future," "intends," "projects," the negative of these terms and other comparable terminology. These forward-looking statements may include projections of, or guidance on, our future financial performance, expected levels of future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results.

Forward-looking statements are neither historical facts, nor assurance of future performance. Instead, they are based on current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions, and speak only as of the date when made. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control, and actual results and financial condition may differ materially from those indicated in the forward-looking statements. A discussion of certain risks and uncertainties affecting us, and some of the factors that could cause our actual results to differ materially from those described in the forward-looking statements, can be found in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2021, which accompanies this letter. We undertake no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SENIOR MANAGEMENT AND BOARD OF DIRECTORS

AS OF 12/31/2021

FULTON FINANCIAL CORPORATION

SENIOR MANAGEMENT

E. Philip Wenger
Chairman and Chief Executive Officer

Curtis J. Myers
President and COO,
Fulton Financial Corporation
Chairman, President and CEO,
Fulton Bank

Mark R. McCollom
Senior Executive Vice President/
Chief Financial Officer

David M. Campbell
Senior Executive Vice President/
Strategic Initiatives and Operations

Beth Ann L. Chivinski
Senior Executive Vice President/
Chief Risk Officer

Natasha R. Luddington
Senior Executive Vice President/
Chief Legal Officer and Corporate
Secretary

Meg R. Mueller
Senior Executive Vice President/
Head of Commercial Business

Angela M. Sargent
Senior Executive Vice President/
Chief Information Officer

Angela M. Snyder
Senior Executive Vice President/
Chief Banking Officer

Bernadette M. Taylor
Senior Executive Vice President/
Chief Human Resources Officer

FULTON FINANCIAL CORPORATION

BOARD OF DIRECTORS

E. Philip Wenger, Chair
Jennifer Craighead Carey
Lisa Crutchfield
Denise L. Devine
Steven S. Etter
Carlos E. Graupera, *Retiring May 2022*
George W. Hodges
George K. Martin
James R. Moxley, III
Curtis J. Myers
Scott A. Snyder
Ronald H. Spair
Mark F. Strauss
Ernest J. Waters, *Retiring May 2022*

Fulton Bank

BOARD OF DIRECTORS

Curtis J. Myers, Chair
Jennifer Craighead Carey
Lisa Crutchfield
Denise L. Devine
Steven S. Etter
Carlos E. Graupera, *Retiring May 2022*
George W. Hodges
Dolores Laputka
George K. Martin
James R. Moxley, III
Antoinette M. Pergolin
Ivy E. Silver
Scott A. Snyder
Ronald H. Spair
Mark F. Strauss
Ernest J. Waters, *Retiring May 2022*
E. Philip Wenger

ADVISORY BOARD MEMBERS, AS OF 12/31/2021

DELAWARE

DELAWARE/CECIL
Katherine K. Wilkinson, Chair
Kelly Albanese Bedder
Jeffrey M. Fried
Donald S. Hicks
Terry A. Megee
Nancy G. Michener
David K. Williams, Jr.

MARYLAND

HAGERSTOWN
Angel Connolly, Chair
Stephen L. Hummel

NEW JERSEY

CENTRAL NEW JERSEY
Sean Murray, Chair
Paul Gergel
Rachel Lilienthal Stark
Hetal Parikh
Allen Weiss

NORTHERN NEW JERSEY
Tammy Case, Chair
Christopher S. Bateman
Gurpreet S. Pasricha
Shelby C. Rhodes
Anthony J. Santye, Jr.
Norman L. Worth

SOUTHERN NEW JERSEY
Andrew G. Agger, Chair
Donna Buzby
James R. Donnelly, Jr.
Wanda P. Hardy
Traci H. Jordan
Edward Remster
Steven M. Swartz

VIRGINIA

CENTRAL VIRGINIA
Karen Frye, Chair
Robert H. Keiter, CPA
Laura Lafayette
J. Keith Middleton
Robert E. Porter, Jr., *Retiring April 2022*

HAMPTON ROADS
Jean Galliano, Chair
Joanna Brumsey

PENNSYLVANIA

BRANDYWINE
Andrew Stump, Chair
Harry DiDonato
Kenneth M. Goddu
James D. McLeod, Jr.
Michael J. O'Rourke
Kathryn V. Snyder

BUXMONT
Lou Lombardi, Chair
Elmer F. Hansen, III
Marylee Mundell, DO
Lawrence J. Stuardi

CAPITAL
Krista Darr, Chair
Amy Beth Kaunus
Justin D. McClure
Beth A. Peiffer
Dr. Aditya Sharma
H. Ralph Vartan
Steven C. Wilds, Esq.

GREATER BERKS
Ralph Richard, Chair
Eric G. Burkey
Marcelino Colon
William P. Gage
Bruce G. Smith
Diane M. Smith

LANCASTER
Philip N. Smith, Chair
Galen Eby
Dean A. Hoover
Robert A. Hostetter, CPA, ABV®
Louis G. Hurst
Cinthia M. Kettering
Tony Legenstein
Kent M. Martin
Edward W. Monborne
Lori Pickell
David W. Sweigart, III
Harold W. Weik, Jr.
John D. Yoder
J. David Young, Jr., Esq.

LEBANON
Kristi Heller, Chair
Barry E. Ansel
Jonathan R. Beers
Donald H. Dreibelbis
Robert J. Funk
Wendie DiMatteo Holsinger
Kenneth C. Sandoe

LEHIGH VALLEY
Chris Brown, Chair
Joseph A. Bubba
Nicholas C. Hindle
Murtaza Jaffer
Richard J. Principato

NORTHERN PENNSYLVANIA
Leslie Temple, Co-Chair
Heather Underkoffler, Co-Chair
Dr. Albert J. Alley, DO
Elizabeth A. Dupuis
James D. Hawkins
Kenneth A. Holdren
Jeffrey M. Krauss
Kevin M. McGarry
William D. Robinson
Daniel Rogers, Jr.
Thomas F. Songer, III
Wendy S. Tripoli

PHILADELPHIA
Reggie Fuller, Chair
Gail Ball
Pauline Markey
Stephen D. Marshall
Michael J. Mitchell

YORK
John Eyster, Chair
Vernon L. Bracey
Kevin Eisenhart
Jeffrey L. Rehmeyer, II
Gary A. Stewart, Jr.
Christine R. Wardrop

BALTIMORE/WASHINGTON

WASHINGTON DC METRO
Joe Durham, Chair
Thomas M. Crutchfield
Manuel A. Ojeda
Derek Whitwer

BALTIMORE
Joe Durham, Chair
Anna Gavin
Cheryl Y. Washington
James K. Wilhelm, Jr.

SPECIALIZED

AGRICULTURAL
Ted Bowers, Chair
James A. Angelucci *Retired 12/31/21*
Robert N. Barley
Phoebe R. Bitler
Andrew S. Bollinger
Dwight Hess
Charles A. Hoober
William Hostetter
Douglas S. Scipioni
Scott I. Sechler

FULTON FINANCIAL
CORPORATION
P.O. Box 4887
One Penn Square
Lancaster, Pennsylvania 17604

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD TUESDAY, MAY 17, 2022 AT 10:00 A.M. EASTERN TIME

TO THE SHAREHOLDERS OF FULTON FINANCIAL CORPORATION:

NOTICE IS HEREBY GIVEN that, pursuant to the call of its Board of Directors (the "**Board**"), the 2022 Annual Meeting (the "**Annual Meeting**") of the shareholders of FULTON FINANCIAL CORPORATION ("**Fulton**") will be held on Tuesday, May 17, 2022, at 10:00 A.M. Eastern Time, at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania 17603, for the purpose of considering and voting upon the following matters:

1. **ELECTION OF DIRECTORS.** The election of 13 director nominees to serve for a one-year term;
2. **EXECUTIVE COMPENSATION PROPOSAL.** A non-binding say on pay ("**say-on-pay**") proposal to approve the compensation of the named executive officers (the "**NEOs**");
3. **APPROVAL OF THE 2022 AMENDED AND RESTATED EQUITY AND CASH INCENTIVE COMPENSATION PLAN.** A proposal to approve Fulton's 2022 Amended and Restated Equity and Cash Incentive Compensation Plan (the "**2022 Plan**");
4. **RATIFICATION OF INDEPENDENT AUDITOR.** The ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2022; and
5. **OTHER BUSINESS.** Such other business as may properly be brought before the Annual Meeting and any adjournments thereof.

Only those shareholders of record at the close of business on March 1, 2022 (the "**Record Date**") shall be entitled to be given notice of, to attend and to vote at, the Annual Meeting. Please take a moment to cast your vote over the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or, alternatively, if you received paper copies of the proxy statement (the "**Proxy Statement**") and proxy card, then complete, sign and date the proxy card and return it in the postage-paid envelope. Shareholders attending the Annual Meeting may vote during the meeting in person or online by using the control number that appears on the Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting (the "**Notice**") even if they previously voted by proxy.

Voting via the Internet or by telephone prior to the meeting is fast and convenient, and your vote is immediately tabulated and confirmed. Your proxy is revocable and may be withdrawn at any time before it is voted at the Annual Meeting. **You are cordially invited to attend the Annual Meeting on May 17, 2022 at 10:00 A.M. Eastern Time. If you plan on attending the Annual Meeting in person, please see the instructions contained in this Proxy Statement.**

A copy of Fulton's 2021 Annual Report on Form 10-K (the "**Annual Report**") accompanies this Proxy Statement.

Sincerely,

Natasha R. Luddington
Senior Executive Vice President,
Chief Legal Officer and
Corporate Secretary

April 1, 2022

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PROXY STATEMENT

Dated and To Be Mailed on or about: April 1, 2022

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 17, 2022 AT 10:00 A.M. EASTERN TIME

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2022 ANNUAL MEETING SUMMARY

When and Where

The Annual Meeting will be held at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania 17603, on Tuesday, May 17, 2022, at 10:00 A.M. Eastern Time. To vote prior to the Annual Meeting please go to the link that can be found at www.proxyvote.com. To vote at, or attend, the Annual Meeting, you will need the control number included on your proxy card or voting instruction form. Please refer to the "**Date, Time and Place of the Annual Meeting**" section of this Proxy Statement for more details about attending the Annual Meeting in person and requesting an admission ticket if you wish to attend the Annual Meeting in person.

Matters to be Voted on and Vote Recommendations

Proposal One (Page 9) **The election of 13 director nominees to serve for a one-year term.**	**Proposal Two (Page 46)** **The approval of a non-binding say-on-pay proposal to approve the compensation of the NEOs.**
Proposal Three (Page 47) **A proposal to approve the 2022 Plan.**	**Proposal Four (Page 56)** **The ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2022.**

Board Recommendations

The Board recommends that shareholders vote: (i) FOR the election of each of the 13 director nominees; (ii) FOR the approval of the non-binding say-on-pay proposal to approve the compensation of the NEOs; (iii) FOR the approval of the 2022 Plan and (iv) FOR the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2022.

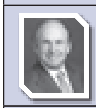
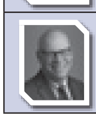
How to Vote Your Shares

You can vote your shares via the Internet by visiting www.proxyvote.com and entering your control number.	You can vote your shares by telephone by calling 1-800-690-6903 and using your control number.	If you received a paper copy of the Proxy Statement, you can vote your shares by signing and returning your proxy card by U.S. mail.	You can vote at the Annual Meeting with your control number (See How to Vote on Page 4 for more information).

Electronic Delivery

If you would like to save paper and reduce the costs incurred by Fulton in printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and Annual Reports on Form 10-K electronically via e-mail or the Internet. To sign up for electronic delivery, please go to www.proxyvote.com and have your proxy card and control number when you access the website, then follow the instructions at www.proxyvote.com to obtain your records and create an electronic voting instruction form. Follow the instructions for voting online and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

The following table provides summary information about each Annual Meeting director nominee and their current Fulton committee assignments:

	Director Nominee	Age	Fulton Director Since	Independent Director	Audit Committee	Executive Committee	Human Resources Committee	Nominating & Corporate Governance Committee	Risk Committee
	Jennifer Craighead Carey	53	2019	-	-	-	-	-	Vice Chair
	Lisa Crutchfield	59	2014	Yes	-	Member	Member	Chair since 2017	-
	Denise L. Devine	66	2012	Yes	Vice Chair	-	Vice Chair	-	-
	Steven S. Etter	68	2019	Yes	Member		Member	-	-
	George W. Hodges	71	2001	Yes	Member	-	Member	-	-
	George K. Martin	68	2021	Yes	-	-	-	-	Member
	James R. Moxley III	61	2015	Yes	-	Lead Director and Chair since 2018	Member	Member	-
	Curtis J. Myers *	53	2019	-	-	-	-	-	Member (Ex-officio)
	Antoinette M. Pergolin	58	-	Yes	-	-	-	-	-
	Scott A. Snyder	56	2016	Yes	-	Member	-	Vice Chair	Chair since 2019
	Ronald H. Spair	66	2015	Yes	Chair since 2017	Vice Chair	Member	-	-
	Mark F. Strauss	70	2016	Yes	-	Member	Chair since 2021	Member	-
	E. Philip Wenger **	64	2009	-	-	Member	-	-	Member (Ex-officio)

* President and Chief Operating Officer
** Chairman and Chief Executive Officer

GENERAL INFORMATION

Date, Time and Place of the Annual Meeting

You are cordially invited to attend the Annual Meeting. The Annual Meeting will be held Tuesday, May 17, 2022, at 10:00 A.M. Eastern Time at the Lancaster Marriott at Penn Square, 25 South Queen Street, Lancaster, Pennsylvania 17603. To vote at, or attend, the Annual Meeting, please go to the link at www.proxyvote.com.

Registered and beneficial shareholders must request an admission ticket on or before May 15, 2022 to attend the Annual Meeting in person. Shareholders can RSVP and print their admission tickets by accessing "Shareholder Meeting Registration" at www.proxyvote.com and following the instructions provided. You will need the 16-digit control number included on your proxy card, voter instruction form or the Notice sent to you. Each person attending the Annual Meeting must bring their printed ticket and a valid photo identification such as a driver's license or passport. Failure to follow these admission procedures may delay your entry into, or prevent you from being admitted to, the Annual Meeting.

If you received the Notice, or if you requested proxy materials be provided to you by email, please go to the link that can be found at www.proxyvote.com. You will need to enter the control number that appears on the Notice.

Shareholders Entitled to Vote at and Attend the Annual Meeting

Attendance at the Annual Meeting will be limited to shareholders of record at the close of business on the Record Date. Only those shareholders as of the Record Date shall be entitled to receive notice of and attend the Annual Meeting.

Purpose of the Annual Meeting

Fulton shareholders will be asked to consider and vote upon the following matters at the Annual Meeting: (i) the election of 13 director nominees to serve for a one-year term; (ii) a non-binding say-on-pay proposal to approve the compensation of the NEOs; (iii) the approval of the 2022 Plan; (iv) the ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2022 and (v) such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

Solicitation of Proxies

This Proxy Statement is furnished in connection with the solicitation of proxies. Fulton is making this solicitation and will pay the cost of preparing, assembling, printing, mailing and distributing proxy materials and soliciting votes for the Annual Meeting. The solicitation of proxies or votes may be made in person, by mail, telephone or by electronic communication by Fulton's directors, officers and employees who will not receive any compensation for such solicitation activities. Fulton has engaged Alliance Advisors to aid in the solicitation of proxies. The fee for such services is estimated at $7,000, plus reimbursement for reasonable research, distribution and mailing costs.

Fulton pays the cost of preparing, assembling and mailing the proxy materials and soliciting proxies for the Annual Meeting. In addition to the solicitation of proxies by mail, solicitation may be made by certain directors, officers and employees of Fulton or its subsidiaries telephonically, electronically or by other means of communication. These directors, officers and employees receive no additional compensation for their services. Fulton will reimburse brokers and other nominees for costs incurred by them in mailing proxy materials in accordance with applicable laws.

Revocability and Voting of Proxies

The execution and return of the enclosed proxy card, or voting by another method, will not affect a shareholder's right to attend, and vote at, the Annual Meeting. A shareholder may revoke any proxy by: (i) delivering written notice to the Corporate Secretary; (ii) sending a new proxy card before the shares are voted at the Annual Meeting or (iii) voting by another method before the deadline set forth on the proxy card. Unless revoked, any proxy given pursuant to this solicitation will be voted at the Annual Meeting in accordance with the written instructions of the shareholder.

In the absence of specific voting instructions, all proxies will be voted:	
✓	• **FOR** the election of 13 director nominees to serve for a one-year term
✓	• **FOR** the approval of the non-binding say-on-pay proposal to approve the compensation of the NEOs
✓	• **FOR** the approval of the 2022 Plan
✓	• **FOR** the ratification of the appointment of KPMG LLP as Fulton's independent auditor

The Board knows of no other business to be presented at the Annual Meeting. In the event that any other matters are properly brought before the Annual Meeting, and for which Fulton did not receive notice at least 45 days prior to the date of mailing of this Proxy Statement, any proxy given pursuant to this solicitation will be voted in the discretion of the proxyholders named on the proxy card, as permitted by the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). If you are a registered shareholder of record who holds stock in certificates or in book entry with Fulton's transfer agent and you do not cast your vote, no votes will be cast on your behalf at the Annual Meeting.

Shares held for the account of shareholders who participate in Fulton's: (i) Dividend Reinvestment and Stock Purchase Plan, and (ii) Employee Stock Purchase Plan (the "**ESPP**") will be voted in accordance with the instructions of each shareholder. If a shareholder who participates in these plans does not return a proxy, the shares held for the shareholder's account will not be voted.

Shares held for the account of Fulton employees and former employees who participate in the Fulton 401(k) Retirement Plan (the "**401(k) Plan**") will be voted by the plan trustee ("**Plan Trustee**") in accordance with the instructions of each 401(k) Plan participant. The voting instructions of the 401(k) Plan participants must be received by May 12, 2022. If no direction is given, then the 401(k) Plan shares will not be voted by the Plan Trustee. The Plan Trustee has established procedures that are designed to safeguard the confidentiality of information about each 401(k) Plan participant's purchase, holding, sale and voting of the common stock. If a 401(k) Plan participant has questions about these procedures or concerns about the confidentiality of this information, please contact the Retirement Plan Administrative Committee and direct the inquiry to Fulton Financial Corporation, Attention: RPAC – Benefits, P.O. Box 4887, One Penn Square, Lancaster, PA 17604.

How to Vote

There are several ways for you to vote your shares:

- **By mail.** If you received printed proxy materials, you may submit your proxy card by completing, signing and dating each proxy card received and returning it in the prepaid envelope. Proxy cards submitted by mail must be received no later than May 16, 2022 to be voted at the Annual Meeting;
- **By telephone.** Instructions are shown on your proxy card or Notice;
- **Via the Internet.** Instructions are shown on your proxy card or Notice; and
- **At the Annual Meeting.** You may vote your shares at the Annual Meeting by casting a ballot or voting online by following the instructions on the proxy materials sent to you.

If you are a beneficial owner of Fulton common stock, you should receive the Notice or voting instructions from your broker or other nominee holding your shares with instructions how to vote your shares. In accordance with the rules of the Securities and Exchange Commission (the "**SEC**"), Fulton is furnishing proxy materials to certain of Fulton's shareholders on the Internet at www.proxyvote.com in lieu of mailing paper copies of the materials unless the shareholders elected to receive paper copies of Fulton's proxy materials. As a result, certain shareholders will receive the Notice and other shareholders will receive paper copies. Electronic delivery expedites the receipt of proxy materials and significantly lowers costs to conserve natural resources.

This Proxy Statement and Fulton's Annual Report are available in the Investor Relations section of Fulton's website at www.fultonbank.com. The contents of Fulton's website are not incorporated into this Proxy Statement by provision of this link or other links in this Proxy Statement.

Voting Shares Held in Street Name

If you hold shares in "street name" or "nominee name" with a bank or broker, then you should instruct your bank or broker how to vote your shares, and follow the voting procedures required by your bank or broker to vote your shares.

Voting of Shares and Principal Holders Thereof

At the close of business on the Record Date, Fulton had 160,590,000 shares of common stock outstanding and entitled to vote. There is no other class of capital stock outstanding entitled to vote at the Annual Meeting.

As of the Record Date, 3,592,800 shares of Fulton common stock were held by Fulton Financial Advisors ("**FFA**"), a division of Fulton Bank, N.A. ("**Fulton Bank**") as the Plan Trustee, or in a fiduciary capacity for fiduciary accounts. The shares held in this manner, in the aggregate, represent approximately 2.24% of the total shares outstanding. Shares held by FFA, as Plan Trustee, are voted by the beneficiaries of the 401(k) Plan. Shares for which FFA serves as a co-fiduciary will be voted by the co-fiduciary, unless the co-fiduciary declines to accept voting responsibility, in which case, FFA will vote to abstain on all proposals. Shares for which FFA serves as sole trustee of a revocable trust, shares for which FFA acts as agent for an investment management account, and shares for which FFA acts as custodian for a custodial account, are voted by the settlor of the revocable trust and the principal of the agency or custodial account unless the governing document provides for FFA to vote the shares, in which case FFA will vote to abstain on all proposals. Shares for which FFA is acting as sole trustee of an irrevocable trust or as guardian of the estate of a minor or an incompetent person are voted by FFA, and in such cases, FFA will vote to abstain on all proposals.

The holders of a majority of Fulton's outstanding shares of common stock must be present in person, or by proxy, at the Annual Meeting to constitute a quorum for the conduct of business. Abstentions and broker non-votes (i.e., proxies from banks, brokers or other nominees indicating that such entities have not received instructions from the beneficial owners or other persons entitled to vote as to a matter which such bank, broker or other nominee does not have discretionary power to vote) will also be counted as being present for purposes of determining a quorum if such shares have been voted on any matter other than a procedural matter. Proxies returned without voting instructions will not be counted for purposes of determining a quorum.

Each share is entitled to one vote on all matters submitted to a vote of the shareholders. A majority of the votes cast at a meeting at which a quorum is present is required in order to approve any matter submitted to a vote of the shareholders, except for the election of directors, where the 13 nominees receiving the highest number of votes shall be elected, or in cases where the vote of a greater number of shares is required by law or under Fulton's Articles of Incorporation or Bylaws.

In the election of directors, the 13 nominees receiving the highest number of votes cast at the Annual Meeting shall be elected to the Board of Directors for terms of one year. However, Fulton's Governance Guidelines (defined below) require a director nominee who does not receive the affirmative vote of a majority of the votes cast in an uncontested election (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee) to offer his or her resignation. See Page 7 "Selection of Directors" – "Majority Vote Standard," below.

The proposals being considered at the Annual Meeting are as follows:

	Proposal	Vote Requirement	Effect of Abstentions	Effect of Broker Non-Votes
1.	Election of Directors	Highest number of votes cast	No effect	No effect
2.	Advisory Vote on Executive Compensation	Affirmative vote of a majority of the votes cast	No effect	No effect
3.	2022 Amended and Restated Equity and Cash Incentive Compensation Plan	Affirmative vote of a majority of the votes cast	No effect	No effect
4.	Ratification of the appointment of Fulton's independent auditor	Affirmative vote of a majority of the votes cast	No effect	No effect

Recommendation of the Board

The Board recommends that Fulton shareholders vote as follows:

	Proposal		Vote Recommendation
✓	1.	Election of Directors	FOR the election of each of the 13 director nominees
✓	2.	Advisory Vote on Executive Compensation	FOR the approval of the non-binding say-on-pay proposal to approve the compensation of the NEOs
✓	3.	2022 Amended and Restated Equity and Cash Incentive Compensation Plan	FOR the approval of the 2022 Plan
✓	4.	Ratification of the appointment of Fulton's independent auditor	FOR the ratification of the appointment of KPMG LLP as Fulton's independent auditor

Shareholder Proposals

Shareholder proposals intended to be considered for inclusion in Fulton's Proxy Statement and form of proxy for the 2023 Annual Meeting of Shareholders (the "**2023 Annual Meeting**") must be received by Fulton's Corporate Secretary at the principal executive offices of Fulton at One Penn Square, P.O. Box 4887, Lancaster, Pennsylvania 17604 no later than December 2, 2022 and must satisfy the other requirements of Rule 14-8 under the Exchange Act. Any shareholder proposal not received by February 15, 2023, will be considered untimely. To comply with the universal proxy rules once effective, shareholders who intend to solicit proxies in support of director nominees other than Fulton's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than March 18, 2022.

Contacting the Board

A Fulton shareholder can contact the Board by writing to: Board of Directors, Fulton Financial Corporation, Attention: Corporate Secretary, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604. The Chair of the Executive Committee of the Board will determine further distribution of written communications based on the communication.

Our Current Governance Best Practices

Fulton's current governance best practices include:
• Board-designated lead director (the "**Lead Director**")
• Regular executive sessions chaired by the Lead Director
• All key committees composed entirely of independent directors
• A majority of Fulton directors are independent
• Officer and director stock ownership guidelines
• Annual Board and committee self-evaluations
• Anti-hedging and pledging prohibitions
• Clawback policy

Code of Conduct

Fulton's Code of Conduct (the "**Code of Conduct**") governs the conduct of its directors, officers and employees. A current copy of the Code of Conduct can be obtained, without cost, by writing to the Corporate Secretary at: Fulton Financial Corporation, Attention: Corporate Secretary, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604. The current Code of Conduct is available on Fulton's website at www.fultonbank.com.

Corporate Governance Guidelines

Fulton's Corporate Governance Guidelines (the "**Governance Guidelines**") address, among other matters, the following: (i) the size of the Board; (ii) director qualifications; (iii) a majority vote standard; (iv) service on other boards and director change in status; (v) meeting attendance and review of meeting materials; (vi) director access to management and independent advisors; (vii) designation of a Lead Director; (viii) executive sessions; (ix) Chief Executive Officer ("**CEO**") evaluation and succession planning; (x) Board and committee evaluations; (xi) stock ownership guidelines; (xii) communications by interested parties; (xiii) Board and committee minutes; (xiv) Code of Conduct and (xv) disclosure and update of the Governance Guidelines.

The current Governance Guidelines can be obtained, without cost, by writing to the Corporate Secretary at: Fulton Financial Corporation, Attention: Corporate Secretary, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604. The Governance Guidelines are available on Fulton's website at www.fultonbank.com.

SELECTION OF DIRECTORS

General Information

The Board is currently comprised of 14 directors, all of whom were elected at the 2021 Annual Meeting of Shareholders (the "**2021 Annual Meeting**"). A majority of the Board may increase or decrease the number of directors. Any vacancy occurring in the Board may be filled by appointment by the remaining directors. Any director who is appointed to fill a Board vacancy shall hold office until the next annual meeting of the shareholders and until a successor is elected and qualified. Two directors elected at the 2021 Annual Meeting are retiring, and the Board has, by resolution in January 2022, fixed the number of members of the Board at 13 as of the Annual Meeting.

Pursuant to Fulton's Bylaws, no person may be nominated for election if he or she will be 72 years old on or before the date of the annual meeting of shareholders at which they would stand for election.

Majority Vote Standard

Fulton's Nominating and Corporate Governance Committee (the "**NCG Committee**") recommended, and the Board adopted, a majority vote standard for uncontested director elections, which is incorporated into the Governance Guidelines and acts as a voluntary resignation policy. In an uncontested election, any nominee for director who does not receive a majority of the votes cast is required to promptly tender his or her resignation following certification of the shareholder vote. As further described in the Governance Guidelines, the NCG Committee shall consider the tendered resignation and recommend to the Board of Directors whether to accept it.

Procedure for Shareholder Nominations

Shareholder nominations of director candidates must be made in writing and delivered or mailed to the Chairman of the Board or the Corporate Secretary not less than the earlier of: (i) one hundred twenty (120) days prior to any meeting of shareholders called for the election of directors or (ii) the deadline for submitting shareholder proposals for inclusion in a proxy statement as calculated under Rule 14a-8(e) of the Exchange Act. For the 2023 Annual Meeting, this deadline date is December 2, 2022. The required notice of a shareholder nomination must set forth: (i) the name and address of the shareholder who intends to make the nomination and a representation that the shareholder is a holder of record of stock of Fulton entitled to vote at such meeting and intends to be present in person or by proxy at such meeting to nominate the person or persons to be nominated; (ii) the name, age, business address and residence address of each nominee proposed in such notice; (iii) the principal occupation or employment of each such nominee; (iv) the number of shares of capital stock of Fulton that are beneficially owned by each such nominee; (v) a statement of qualifications of the proposed nominee and a letter from the nominee affirming that he or she will agree to serve as a director of Fulton, if elected by the shareholders; (vi) a description of all arrangements or understandings between the shareholder submitting the notice and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder and (vii) such other information regarding the nominee proposed by the shareholder as would be required in the proxy statement soliciting proxies for the election of the director nominee under the rules of the SEC. Shareholder director nominees are subject to the same standard of review as director nominees of Fulton's Board or its NCG Committee.

Director Qualifications and Board Diversity

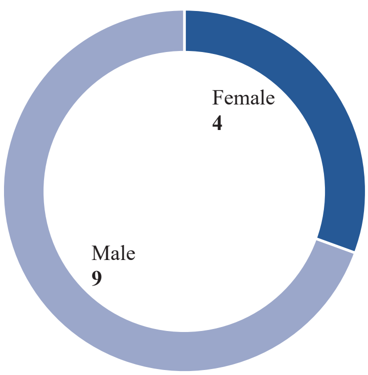
In considering a director nominee, Fulton considers a variety of factors, namely: (i) if the candidate is recommended by executive management; (ii) the individual's professional and personal qualifications, including business experience, education and community and charitable activities; (iii) the individual's familiarity with one or more of the communities in which Fulton is located or is seeking to locate and (iv) the diversity the individual may provide to the Board and its committees. Fulton does not have a separate written policy regarding how diversity is to be considered in the director nominating process.

Fulton's Governance Guidelines provide that Fulton's Board should be sufficient in size to achieve diversity in business experience, community service and other qualifications among non-employee directors while still facilitating substantive discussions in which each director can participate meaningfully. The NCG Committee is responsible for the Governance Guidelines and for recommending director nominees to the Board. The NCG Committee also considers nominees for director that are recommended by various persons or entities, including, but not limited to, non-management directors, Fulton's Chief Executive Officer, other senior officers and third parties. Information on the experience, qualifications, attributes and skills of Fulton's director nominees is described under "Director Nominees" below.

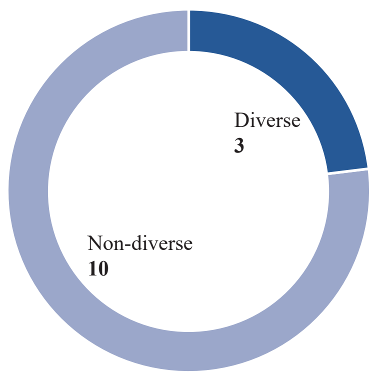
The NCG Committee believes there is a balance between seasoned directors with knowledge of and insight into Fulton and Fulton Bank, and new directors who contribute fresh ideas, perspectives and viewpoints to the Board's deliberations. The NCG Committee members and the Board are focused on attracting and maintaining directors that provide increasing contributions to Fulton over time and have routinely considered candidates who first served on the board of directors of one of Fulton's subsidiary banks. The NCG Committee reviews the composition of the Board at least annually to ensure that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity.

The nominees for election to the Board at the Annual Meeting have a gender diversity ratio of 30.8%, a racial diversity ratio of 23.1%, and an average tenure on the Board of seven years, with five nominees having served five or less years, six nominees having served from six to ten years and two nominees having served eleven or more years on the Board. The following is a summary of the gender diversity, racial diversity and average tenure of the Annual Meeting director nominees:

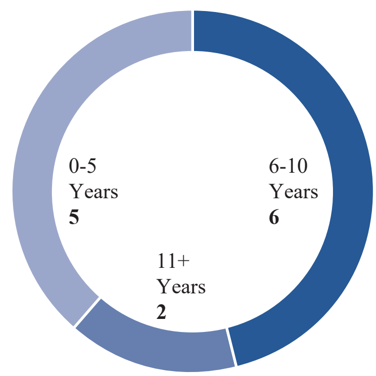
Gender Diversity
30.8%



Racial Diversity
23.1%



Average Nominee Tenure
7 Years



Nasdaq Board Diversity Matrix

The following matrix, as required by Nasdaq listing rules, includes Messrs. Graupera and Waters who are retiring in May 2022 at the Annual Meeting. It does not include the Annual Meeting director nominee who was not on the Board as of December 31, 2021.

Board Diversity Matrix (As of December 31, 2021)				
Total Number of Directors	14			
	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Part I: Gender Identity				
Directors	3	11	0	0
Part II: Demographic Background				
African American or Black	2	2	0	0
Alaskan Native or Native American	0	0	0	0
Asian	0	0	0	0
Hispanic or Latinx	0	1	0	0
Native Hawaiian or Pacific Islander	0	0	0	0
White	1	8	0	0
Two or More Races or Ethnicities	0	0	0	0
LGBTQ+	0			
Did Not Disclose Demographic Background	0			

ELECTION OF DIRECTORS – PROPOSAL ONE

General Information

The Board nominates the following 13 director nominees for election to the Board for a term of one year:

2022 Director Nominees

Jennifer Craighead Carey	Lisa Crutchfield	Denise L. Devine
Steven S. Etter	George W. Hodges	George K. Martin
James R. Moxley III	Curtis J. Myers	Antoinette M. Pergolin
Scott A. Snyder	Ronald H. Spair	Mark F. Strauss
E. Philip Wenger		

Except for Ms. Pergolin, each of the above director nominees is presently a director of Fulton, and all director nominee serves on the Fulton Bank Board of Directors (the "**Bank Board**"). The NCG Committee recommended, and the Board approved, the nomination of the above individuals. The Board has no reason to believe that any of its director nominees will be unable to accept nomination or to serve as a director if elected at the Annual Meeting.

Vote Required

The 13 candidates receiving the highest number of votes cast at the Annual Meeting shall be elected to the Board. Abstentions and broker non-votes will be counted as present at the Annual Meeting if they are voted on at least one non-procedural matter, but abstentions and broker non-votes will not be counted as votes cast in the election of directors.

Recommendation of the Board

The Board recommends that shareholders vote FOR the election of each of the 13 director nominees.

Information about Nominees, Directors and Independence Standards

The experience, qualifications, attributes and skills of the 13 director nominees, including whether they were determined by the Board to be independent for purposes of the Nasdaq listing standards, are set forth below.

Fulton is a Nasdaq listed company and follows the Nasdaq listing standards for Board and committee independence. The Board determined that ten of Fulton's 13 director nominees are independent. Specifically, the Board determined that director nominees Crutchfield, Devine, Etter, Hodges, Martin, Moxley, Pergolin, Snyder, Spair and Strauss met the definition of independent director in the Nasdaq listing standards. Each of these ten director nominees is free of relationships that would be deemed under the Nasdaq listing standards to interfere with his or her individual exercise of independent judgment.

The current members of the Audit Committee, the Human Resources Committee (the "**HR Committee**") and the NCG Committee of the Board meet the requirements for independence under the Nasdaq listing standards, and the rules and regulations of the SEC for service on the Audit Committee, the HR Committee and the NCG Committee. In reviewing director independence, the Board considered the relationships and other arrangements, if any, of each director nominee. The relationships and transactions reviewed and considered are more fully described in "Related Person Transactions" on Page 23.

Director Nominees Biographical Information

JENNIFER CRAIGHEAD CAREY - Age: 53

- Fulton Director since 2019 and Fulton Bank Director since 2012
- 2021 – 2022 Fulton Committees: Risk – Vice Chair

Ms. Craighead Carey has been a partner at Barley Snyder LLP since 2001, and she chaired the firm's Employment Law group from 2005 to 2019. She concentrates her practice in the areas of labor and employment law as well as school law. She regularly provides advice to employers on a myriad of employment issues and has handled numerous labor arbitrations both in the public and private sector.

She has handled cases at both the administrative level and routinely handles litigation in the Federal District Courts in both the Eastern and Middle Districts of Pennsylvania. Ms. Craighead Carey regularly practices before the Pennsylvania Human Relations Commission and the Equal Employment Opportunity Commission as well as administrative agencies throughout the country, handling all manner of discrimination and retaliation claims. Ms. Craighead Carey is a graduate of Dickinson School of Law, with a J.D., cum laude, a comment writer for the Dickinson Law Review, a member of the Woolsack Honor Society recognizing superior academic achievement, and a member of Minority Law Students Association. She has received the designation of being a "Pennsylvania Super Lawyer" from 2010 through 2021.

Ms. Craighead Carey is active in the community, and she is currently a board member of the Lancaster City Alliance and a member of the WellSpan Diversity, Equity and Inclusion Steering Committee. She is a former board member of the Lancaster Chamber of Commerce & Industry and a past chair of the United Way of Lancaster County. She has been a director of Fulton Bank since 2012, and she has over 20 years of legal, risk management, and employment experience. In addition, she is familiar with the markets in which Fulton operates.

LISA CRUTCHFIELD - Age: 59

- Independent
- Fulton Director since 2014 and Fulton Bank Director since 2019
- 2021 – 2022 Fulton Committees: Executive – Member; NCG – Chair; and Human Resources – Member

Ms. Crutchfield is the managing principal of Hudson Strategic Advisers, LLC, an economic analysis and strategic advisory firm serving the energy industry since 2016. She has served as a consultant to the energy industry since 2012. Prior to her entrepreneurial ventures, Ms. Crutchfield served as executive vice president and chief regulatory, risk and compliance officer for National Grid USA from 2008 to 2011. In this role, Ms. Crutchfield also served as an executive director on the board of National Grid USA. She also has served in executive leadership roles at Exelon Corporation (PECO), TIAA-CREF and Duke Energy Corporation. Ms. Crutchfield led the efforts to liberalize the electric generation and gas markets in Pennsylvania when she served as a utility regulator. Ms. Crutchfield currently serves on the board of directors of Unitil Corporation (NYSE: UTL) since 2012, Vistra Energy (NYSE: VST) since 2020 and on the private company board of Buckeye Partners LP since 2020.

Ms. Crutchfield brings more than 20 years of experience leading corporate teams and has extensive knowledge of the financial services industry, and she began her career as a commercial and investment banker. Moreover, she brings expertise in risk management, regulation and compliance. She earned the designation by the National Association of Corporate Directors ("**NACD**") as a Governance Leadership Fellow since 2019. Ms. Crutchfield is a graduate of Yale University with a B.A. in economics and political science. She also earned an M.B.A. from Harvard Business School, with a distinction in Finance.

DENISE L. DEVINE - Age: 66

- Independent
- Fulton Director since 2012 and Fulton Bank Director since 2019
- 2021 – 2022 Fulton Committees: Audit – Vice Chair and financial expert; and Human Resources – Vice Chair

Ms. Devine is the founder and since 2014 has served as the Chief Executive Officer of FNB Holdings, LLC, a company dedicated to initiatives in the health and wellness space. Ms. Devine was also founder and Chief Executive Officer of Nutripharm, Inc., a company that has generated a portfolio of composition and process patents to create innovative natural food, beverage, pharmaceutical and nutraceutical products that facilitate nutrition and lifelong health. Ms. Devine, a certified public accountant, also previously served as Chief Financial Officer for Energy Solutions International and in financial management positions for Campbell Soup Company. Ms. Devine has served as Chair of the Pennsylvania State Board of Accountancy and on the Board of Directors of the American Institute of Certified Public Accountants. Ms. Devine was a member of the Board of Trustees of Villanova University from 2005 to 2015, where she was the Chair of the Audit and Risk Committee. She has served on the Board of Directors of Ben Franklin Technology Partners of Southeastern Pennsylvania since 2016 and was appointed to the Board of Directors of Ben Franklin Technology Development Authority in 2018. Ms. Devine has been a director of AgroFresh Solutions, Inc. (Nasdaq: AGFS) since 2018 and a director of SelectQuote (NYSE: SLQT) since 2020. From 2019 to 2021 she served as a director of Cubic Corporation (NYSE: CUB).

Ms. Devine has substantial management, business and finance experience that adds valuable outside experience to Fulton's Board and its committees. She has completed courses and was recognized by NACD as a Board Leadership Fellow since 2016. She received an M.B.A. from the Wharton School of the University of Pennsylvania, an M.S. in Taxation from Villanova Law School, and a B.S. in Accounting from Villanova University, where she graduated first in her class.

STEVEN S. ETTER - Age: 68

- Independent
- Fulton Director since 2019 and Fulton Bank Director since 2012
- 2021 – 2022 Fulton Committees: Audit – Member and financial expert; and Human Resources – Member

Mr. Etter retired as an executive officer of Harrisburg News Company in 2020, after serving as the President and CEO of Harrisburg News Company, a division of Hudson News Distributors LLC ("**Hudson News**") a regional magazine, book and newspaper wholesale distribution company since 2014. Prior to its consolidation with Hudson News, Mr. Etter served from 1998 to 2014 as the President and CEO of Harrisburg News Company when it was an independent company. From 1975 to 1997, he held other management positions at Harrisburg News Company and was active in various trade organizations, including the past President of the Council for Periodical Distribution Association, President of the Atlantic Coast Executive Society, and past Secretary and Treasurer of the Atlantic Coast Independent Distributors Association.

A graduate of the University of Miami with a B.A. in finance and marketing, he is a member of its President's Council that is comprised of a select advisory group of prominent alumni. Mr. Etter also is an Emeritus Director of the Whitaker Center for Science and the Arts, a nonprofit center for the arts, education, entertainment and cultural enrichment, located in Harrisburg, Pennsylvania. Mr. Etter has been active in numerous business endeavors, professional associations, charitable and community organizations during his career, including serving as a former board member of WITF, a public radio and television station that broadcasts in central Pennsylvania.

As a chief executive officer and successful business owner, Mr. Etter brings extensive business skills, financial expertise and regional market knowledge to Fulton's Board. Mr. Etter has been a director of Fulton Bank since 2012. He was also a long-time member of Fulton Bank's Harrisburg advisory board.

GEORGE W. HODGES - Age: 71

- Independent
- Fulton Director since 2001 and Fulton Bank Director since 2012
- 2021 – 2022 Fulton Committees: Audit – Member and financial expert; and Human Resources – Member

Mr. Hodges has been a director of Fulton since 2001, and he served as Fulton's Lead Director from 2010 until June 2018. Mr. Hodges served as a director of Fulton Bank since 2012 and was a director of Drovers & Mechanics Bank, until it was merged into Fulton Bank in 2001.

He has been a director of York Water Company (Nasdaq: YORW) from 2000 to present and served as Chairman of York Water Company from 2011 until May 2021. He was a director of The Wolf Organization, Inc., a regional distributor and sourcing company of kitchen and bath products and specialty building products, from 2008 to 2015, and he served as non-executive Chairman from 2008 to 2009, and prior to that as a member of the Office of the President from 1986 to 2008. Mr. Hodges was a director of Burnham Holdings, Inc. from 2006 to 2021. Burnham Holdings, Inc., is the parent company of 14 subsidiaries that are leading domestic manufacturers of boilers and related HVAC products and accessories including furnaces, radiators and air conditioning systems, for residential, commercial and industrial applications, and he served on the boards of various for profit, non-profit and community organizations.

Mr. Hodges brings considerable financial expertise and business knowledge to the Fulton Board, both through his business experience and service on other boards. Mr. Hodges completed the requirements for the NACD Board Leadership Fellow Program since 2011.

GEORGE K. MARTIN - Age: 68

- Independent
- Fulton Director since 2021 and Fulton Bank Director since 2016
- 2021 – 2022 Fulton Committees: Risk Committee – Member

Mr. Martin is a senior partner of the Richmond, Virginia office of McGuireWoods LLP ("**McGuire Woods**"). From 2009 to 2021 he served as the managing partner McGuire Woods largest office for over 12 years. He has been a partner with the firm since 1990 and practices construction and commercial real estate law, and he was previously involved in firm management in various capacities, including service on the recruiting committee, advisory board and pension committees. He also served as head of the construction transactions team. He has represented public and private entities on numerous real estate projects, including public private partnerships.

He is a graduate of the Howard University School of Law, where he was a member and managing editor of the Howard Law Journal. He received a B.A. from the University of Virginia. He is an attorney with over 40 years' experience, and he is admitted to practice in the Virginia Supreme Court, U.S. Tax Court and the U.S. Supreme Court.

Mr. Martin is active in the Richmond, Virginia and the Washington, D.C. metro communities. He is currently an adjunct professor at the University of Virginia School of Law. He also serves on the Jefferson Scholars Foundation Board and Executive Committee and the Governing Council and Executive Committee at the University of Virginia's Miller Center. He is a member of the University of Virginia School of Architecture Foundation Board. Since 1991, he has served on the Housing and Development Law Institute Board in Washington, D.C. He previously served as a member of the Virginia Board of Bar Examiners, the Virginia Bar Association Board of Governors, and the 2019 Commemoration Executive Committee. He previously served as Vice-Rector then Rector at the University of Virginia.

Mr. Martin brings to the Fulton Board extensive senior leadership, legal, real estate and risk management experience. He has been a director of Fulton Bank since 2016, and prior to joining the Fulton Bank board he was a member of Fulton Bank's Central Virginia Advisory Board.

JAMES R. MOXLEY III (Independent Lead Director) - Age: 61

- Independent
- Fulton Director since 2015, Fulton Bank Director since 2019 and The Columbia Bank Director from 1999 to 2019
- 2021 – 2022 Fulton Committees: Executive – Chair; NCG – Member; and Human Resources – Member

Mr. Moxley currently serves as Fulton's Lead Director. Prior to joining the Fulton Bank board in 2019, Mr. Moxley was a director of The Columbia Bank since 1999. He is admitted and licensed to practice law in Maryland, and he is a former real estate attorney with Venable, Baetjer and Howard, now known as Venable LLP. Since 1992, Mr. Moxley has served as a Principal of Security Development Corporation, a Washington-Baltimore real estate land development company engaged primarily in retail and multifamily projects.

He serves as a member of the Duke University Library Advisory Board and the Board of Visitors of Duke Law School. Mr. Moxley is a Trustee Emeritus of the Glenelg Country School, having served as a trustee since 1996 and as the board chair. He has also served as a trustee of the Howard County General Hospital from 2021 to present, as a trustee of the Howard Hospital Foundation from 2014 to present, as a Founding Director of the Real Estate Charitable Foundation of Maryland from 2015 to present, and he is active on numerous civic boards and committees in Maryland.

Mr. Moxley received a J.D. degree and A.B. in Economics, magna cum laude, from Duke University. Since 2017, he completed the requirements and is recognized by the NACD as a Board Leadership Fellow. Mr. Moxley brings banking expertise to Fulton's Board that he gained as a director of The Columbia Bank. He also has extensive business, tax, and legal experience related to the acquisition, financing, and development of commercial and residential real estate. Mr. Moxley's longstanding board service at Fulton Bank and its predecessors in Maryland also provides Fulton's Bord with corporate governance and supervisory skills.

CURTIS J. MYERS (President and COO of Fulton) - Age: 53

- Fulton Director since 2019 and Fulton Bank Director since 2009
- 2021 – 2022 Fulton Committees: None

Since January 1, 2018, Mr. Myers has been the President and Chief Operating Officer of Fulton. He became an executive officer of Fulton in July 2013 and has held a number of executive positions with Fulton Bank since 1990.

He is also the Chairman, Chief Executive Officer, Chief Operating Officer and President of Fulton Bank. He was promoted to Chairman and Chief Executive Officer in May 2018 and became the President and Chief Operating Officer of Fulton Bank in 2009. He has served as a director of Fulton Bank since 2009.

Mr. Myers has participated in a number of industry organizations and has been active in the local community for many years. He has been involved with the Pennsylvania Bankers Association, is a past chair of the American Heart Association of Lancaster County, a past board member of the YMCA of Lancaster County, and a past board member of the United Way of Lancaster County. He served as the Treasurer of the Fulton Theatre Company from 2011 to 2020, a director of TEC Centro since 2017, and he is the current chair of the Salvation Army (Lancaster) and has been a director of this local non-profit since 1995. In 2019, Mr. Myers joined the Operation HOPE Northeast Advisory Board and the ABA Stonier Graduate School of Banking Advisory Board. In 2021 he joined the board of the Economic Development Company of Lancaster County.

Mr. Myers brings a depth of banking experience, knowledge, executive leadership, financial expertise and other valuable skills to Fulton's Board. He holds a Bachelor of Science in Business Administration from Shippensburg University and a Master's degree in Business Administration from Saint Joseph's University. He is a graduate of the Stonier Graduate School of Banking.

ANTOINETTE M. PERGOLIN - Age: 58

- Independent
- Fulton Bank Director since 2012
- 2021 – 2022 Fulton Committees: None

Since 2004, Ms. Pergolin has served as President and CEO of Bancroft, a New Jersey non-profit. Bancroft is a leading regional non-profit provider of programs and services for individuals with autism, intellectual and developmental disabilities and those in need of neurological rehabilitation. Under her leadership, Bancroft has expanded its services. Prior to joining Bancroft, Ms. Pergolin worked at the University of Pennsylvania Health System for 14 years in various positions, including Chief Financial Officer for Pennsylvania Hospital, and during this time she maintained a CPA license that is now inactive. She received her undergraduate degree in Accounting from Pennsylvania State University and her Master's in Health Administration from Saint Joseph's University.

Ms. Pergolin is actively involved in the Metro Philadelphia and New Jersey communities and welcomes opportunities to help others with important missions. She has extensive board experience, including serving as director of Fulton Bank since 2012, and she served on the boards of other organizations, both for profit and nonprofit, over the past decade. She is currently the Chairwoman of the Peirce College Board of Trustees where she has been a trustee since 2016. In April 2021, she was appointed to the Inspira Health Network, Inc. Board of Trustees.

She brings extensive experience in senior leadership, governance, investment, human resources, accounting, and financial expertise to Fulton's Board.

SCOTT A. SNYDER, PhD - Age: 56

- Independent
- Fulton Director since 2016 and Fulton Bank Director since 2019
- 2021 – 2022 Fulton Committees: Executive – Member; NCG – Vice Chair; and Risk – Chair

Dr. Snyder is currently the Chief Digital Officer at EVERSANA, a leading provider of global commercial services to the life sciences industry. Dr. Snyder was previously the President of Breakthru Advisors, which is focused on helping enterprises leverage digital and other emerging technologies to accelerate innovation and new venture creation. Prior to that, he was the Global Head of Digital and Innovation at Heidrick Consulting between April 2018 and September 2020 and the Senior Vice President, Managing Director, and Chief Technology and Innovation Officer for Safeguard Scientifics, Inc. (NYSE: SFE), a provider of capital and relevant expertise to fuel the growth of technology-driven businesses in healthcare, financial services and digital media from August 2016 until March 2018. From 2011 until August of 2016, he served as the President and Chief Strategy Officer of Mobiquity, Inc., a mobile technology company that focuses on digital strategy and engineering enhanced mobile experiences that was recently acquired by Hexaware Technologies Ltd. Since 2016, he has served as the Chair of the Mobiquity advisory board.

Dr. Snyder is a Senior Fellow in the Management Department at the Wharton School, and an adjunct faculty member in the School of Engineering and Applied Science at the University of Pennsylvania. Dr. Snyder has lectured at MIT, Babson, Duke, Georgia Tech and INSEAD on digital innovation, decision-making, business and IT strategy, emerging technologies, product design and development, and big data/analytics since 2002. He received his B.S., M.S., and Ph.D. in Systems Engineering from the University of Pennsylvania.

Dr. Snyder brings over 30 years of business acumen, experience in the technology sector and leadership in digital innovation to the Fulton Board. Dr. Snyder has extensive expertise in the development of digital solutions, mobile business strategy and mobile security. In 2017, Dr. Snyder successfully completed the NACD Cyber-Risk Oversight Program and earned a CERT Certificate in Cybersecurity Oversight issued by the Software Engineering Institute at Carnegie Mellon University.

RONALD H. SPAIR - Age: 66

- Independent
- Fulton Director since 2015 and Fulton Bank Director since 2019
- 2021 – 2022 Fulton Committees: Audit – Chair and financial expert; Executive – Vice Chair; and Human Resources – Member

Since September 2006, Mr. Spair served as the Chief Financial Officer, Chief Operating Officer and a member of the Board of Directors of OraSure Technologies, Inc. (Nasdaq:OSUR), a diagnostic and medical device company headquartered in Bethlehem, Pennsylvania, and since 2001 he has served as Executive Vice President and Chief Financial Officer. In June 2018, he retired from the Board of Directors and as an officer of OraSure Technologies, Inc.

From 2013 to May 2018, Mr. Spair served on the board of Life Science – PA, which was formerly known as Pennsylvania Biotechnology Association, a state trade association for the life sciences community in the Commonwealth of Pennsylvania. He is a certified public accountant, a chartered global management accountant, and he holds an M.B.A. from Rider College.

Mr. Spair brings his public company executive experience and financial expertise to Fulton's Board. Mr. Spair also has extensive experience negotiating mergers and acquisitions, development and licensing transactions as well as corporate financings.

MARK F. STRAUSS - Age: 70

- Independent
- Fulton Director since 2016, Fulton Bank Director since 2019 and Fulton Bank of New Jersey from 2011 to 2019
- 2021 – 2022 Fulton Committees: Executive – Member; Human Resources – Chair; and NCG – Member

Since 2019, Mr. Strauss has served as director of Fulton Bank, a director of Fulton Bank of New Jersey from 2011 to 2019, and a director of Skylands Community Bank prior to its merger with Fulton Bank of New Jersey in 2011. From October 2010 to his retirement in December 2017, he served as Senior Vice President of Corporate Strategy and Business Development at American Water Works Company, Inc. (NYSE: AWK) ("**American Water**"), the largest and most geographically diverse publicly-traded U.S. water and wastewater utility company, where he was responsible for working with the senior management team to link overall strategy and major growth efforts for American Water's regulated and competitive operations.

From December 2006 to September 2010, Mr. Strauss served as President of American Water Enterprises, which owns and operates several of American Water's market-based businesses. In this role, Mr. Strauss oversaw American Water's non-regulated business units that offer operations and maintenance contract services across the United States and Canada, including water and wastewater management for military bases, service-line protection programs, design, construction and operation of community onsite water and wastewater systems and other innovative solutions that address a variety of challenges facing the industry.

Mr. Strauss has legal and executive skills and, prior to his retirement from American Water, he was also an attorney licensed to practice law in New Jersey.

E. PHILIP WENGER (Chairman of the Board and CEO of Fulton) - Age: 64

- Fulton Director since 2009 and Fulton Bank Director since 2019, and from 2003 to 2009
- 2021 – 2022 Fulton Committees: Executive – Member

Mr. Wenger became Chairman of the Board and Chief Executive Officer of Fulton on January 1, 2013. He also served as President from 2008 to 2017, and Chief Operating Officer of Fulton from 2008 to 2012. Mr. Wenger was a director of Fulton Bank from 2003 to 2009, Chairman of Fulton Bank from 2006 to 2009 and has been employed by Fulton in a number of positions since 1979. He rejoined the Fulton Bank board as a director in 2019.

Mr. Wenger currently serves on the Board of Directors of the Pennsylvania Chamber of Commerce and is a member of the Penn State Harrisburg Board of Advisers. Mr. Wenger is also a member of the Operation HOPE Global Board of Advisors, a global financial dignity and economic empowerment nonprofit corporation. He is a past chair of the Lancaster Chamber of Commerce, past chair of the Advisory Board of Stonier Graduate School of Banking, past member of the American Bankers Association Board of Directors, past chair of the Economic Development Company of Lancaster County, a former Board member of the Lancaster County YMCA Foundation and Crispus Attucks Community Center. Since 2019, he has been a director of Burnham Holdings, Inc., the parent company of 14 subsidiaries that are leading domestic manufacturers of boilers and related HVAC products and accessories, including furnaces, radiators and air conditioning systems, for residential, commercial and industrial applications.

Mr. Wenger possesses an extensive knowledge of banking operations through more than thirty years of experience in the financial services industry. He has gained valuable insight through his experience in different banking areas, including retail banking, commercial banking and bank operations and systems.

Directors Retiring from Fulton

Messrs. Graupera and Waters will not stand for re-election at the Annual Meeting and will retire from both the Board and Bank Board as both directors have reached Fulton's mandatory retirement age.

Fulton's Board thanks Directors Graupera and Waters for their many years of dedicated service.

CARLOS E. GRAUPERA	ERNEST J. WATERS
	
Fulton Director since 2019 **Fulton Bank Director since 2006**	**Fulton Director since 2012** **Fulton Bank Director since 2011**

Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners

Directors, Director Nominees and NEOs:

The following table sets forth the number of shares of common stock beneficially owned as of the Record Date by: (i) each director; (ii) each director nominee; (iii) the NEOs and (iv) executive officers as a group. Unless otherwise indicated in a footnote, shares shown as beneficially owned by each director, each director nominee and each NEO are held individually by the person.

Director, Director Nominee and Management Beneficial Owners	Title	Total Shares Beneficially Owned [1 2]	Total Shares and Director Stock Units [3]	% of Class
Jennifer Craighead Carey	Director and Nominee	4,407	13,890	*
Lisa Crutchfield	Director and Nominee	11,938	25,685	*
Denise L. Devine	Director and Nominee	21,317 [4]	35,064	*
Steven S. Etter	Director and Nominee	314,232	323,715	*
Carlos E. Graupera	Director	16,524	26,008	*
George W. Hodges	Director and Nominee	42,922 [5]	56,669	*
George K. Martin	Director and Nominee	9,007 [6]	15,773	*
James R. Moxley III	Director and Nominee	158,194 [7]	161,749	*
Antoinette M. Pergolin	Nominee	2,022	8,196	*
Scott A. Snyder	Director and Nominee	6,540	20,287	*
Ronald H. Spair	Director and Nominee	19,072 [8]	32,819	*
Mark F. Strauss	Director and Nominee	25,859 [9]	39,606	*
Ernest J. Waters	Director	31,968 [10]	45,715	*
E. Philip Wenger	Director, Nominee, Chairman of the Board and Chief Executive Officer	429,162 [11]	429,162	*
Curtis J. Myers	Director, Nominee, President and Chief Operating Officer	152,083 [12]	152,083	*
Mark R. McCollom	Senior Executive Vice President and Chief Financial Officer	23,135	23,135	*
Angela M. Snyder	Senior Executive Vice President and Chief Banking Officer	31,018	31,018	*
Meg R. Mueller	Senior Executive Vice President and Head of Commercial Business	92,282 [13]	92,282	*
Total Ownership	Directors, Director Nominees, NEOs and executive officers as a Group (23 Persons)	1,610,212	1,751,386	1.00%

* Represents less than one percent of the outstanding shares of Fulton's common stock calculated in accordance with Rule 13d-3 of the Exchange Act.

[1] Beneficial ownership is determined in accordance with SEC Rule 13d-3 that provides that a person is deemed to own any stock for which that person has or shares: (i) voting power; (ii) investment power; or (iii) the right to acquire beneficial ownership within 60 days after the Record Date.

[2] Includes 67,498 shares issuable upon the exercise of vested stock options, which have been treated, in all cases, as outstanding shares for purposes of calculating the percentage of outstanding shares owned by each individual and as a group.

[3] Includes a total of 42,068 unvested director stock units awarded in 2021 to the twelve non-employee directors that served from 2021 to 2022, including Directors Graupera and Waters. The director stock units awarded to each of the directors will vest on June 1, 2022 unless the director has elected to defer vesting until retirement or departure from the Fulton Board.

[4] Ms. Devine's ownership includes 1,000 shares held jointly with her spouse.

[5] Mr. Hodges' ownership includes 21,430 shares held in a 401(k) plan, 300 shares held an irrevocable trust for his children and 21,192 shares held by The Hodges Family Foundation, Inc. Mr. Hodges has disclaimed beneficial ownership of the shares held by The Hodges Family Foundation, Inc.

[6] Mr. Martin's ownership includes 4,155 shares held in an individual retirement account and 125 shares held jointly with his spouse.

[7] Mr. Moxley's ownership includes: (i) 39,115 shares held by The Moxley Family Trust; (ii) 1,227 shares held solely by his spouse; (iii) 18,411 shares held by Mr. Moxley as custodian for his children and (iv) 28,000 shares held in a 401(k) plan.

[8] Mr. Spair's ownership includes 10,000 shares held jointly with his spouse.

[9] Mr. Strauss' ownership includes 4,930 shares held jointly with his spouse and 6,426 shares held in an individual retirement account.

[10] Mr. Waters' ownership includes 13,895 shares held in an individual retirement account.

[11] Mr. Wenger's ownership includes 144,297 shares held jointly with his spouse and 92,795 shares held in the 401(k) Plan. Also includes 3,564 shares held in the 401(k) Plan by his spouse and 389 shares held by Mr. Wenger as custodian for his children.

[12] Mr. Myers' ownership includes 52,662 shares held in his 401(k) Plan, 22,140 shares which may be acquired pursuant to the exercise of vested stock options and 14,109 shares held jointly with his spouse.

[13] Ms. Mueller's ownership includes 22,954 shares which may be acquired pursuant to the exercise of vested stock options and 10 shares held jointly with her spouse.

Owners of More Than Five Percent:

The following table sets forth the number of shares of common stock owned as of the Record Date. Other than the beneficial owners listed below, based on public filings, no person or entity owned, of record or beneficially, on the Record Date more than 5% of Fulton outstanding common stock.

Beneficial Owners Holding More than 5%	**Total Shares Beneficially Owned**	**% of Class**
BlackRock, Inc.[1] **55 East 52nd Street** **New York, NY 10055**	20,589,089	12.8%
The Vanguard Group[2] **100 Vanguard Blvd.** **Malvern, PA 19355**	15,826,174	9.81%
Dimensional Fund Advisors LP[3] **Building One** **6300 Bee Cave Road** **Austin, TX 78746**	10,617,622	6.6%
State Street Corporation[4] **State Street Financial Center** **1 Lincoln Street** **Boston, MA 02111**	8,209,865	5.09%

[1] This information is based solely on a Schedule 13G/A filed with the SEC January 27, 2022 by BlackRock, Inc., that reported sole voting power as to 19,897,642 shares and sole dispositive power as to 20,589,089 shares as of December 31, 2021.

[2] This information is based solely on a Schedule 13G/A filed with the SEC on February 10, 2022 by The Vanguard Group, which reported sole voting power as to 0 shares and sole dispositive power as to 15,545,348 shares, shared voting power as to 141,766 shares and shared dispositive power as to 280,826 shares as of December 31, 2021.

[3] This information is based solely on a Schedule 13G/A filed with the SEC on February 8, 2022 by Dimensional Fund Advisors LP, which reported sole voting power as to 10,383,945 shares and sole dispositive power as to 10,617,622 shares, as of December 31, 2021.

[4] This information is based solely on a Schedule 13G/A filed with the SEC on February 11, 2022 by State Street Corporation, which reported sole voting power as to 0 shares and sole dispositive power as to 0 shares, shared voting power as to 7,894,144 shares and shared dispositive power of 8,209,865 shares as of December 31, 2021.

INFORMATION CONCERNING THE BOARD

Meetings and Committees of the Board

In 2021, there were eight regular and six special meetings of the Board and a total of 52 meetings of the committees of the Board during 2021. No director attended fewer than 75% of: (i) all meetings of the Board; (ii) all of the meetings of the committees of the Board on which a director served or (iii) the aggregate number of meetings of the Board and of the committees of the Board on which he or she served in 2021.

The Board of Fulton has the following five regular standing committees: Audit, Executive, Human Resources, NCG and Risk. The following table represents the membership on each Fulton committee as of the date of this Proxy Statement:

Current Directors 2021 - 2022 Fulton Committee Members	Audit	Executive	Human Resources	NCG	Risk
Jennifer Craighead Carey					Vice Chair
Lisa Crutchfield		Member	Member	Chair	
Denise L. Devine	Vice Chair		Vice Chair		
Steven S. Etter	Member		Member		
Carlos E. Graupera				Member	Member
George W. Hodges	Member		Member		
George K. Martin					Member
James R. Moxley III		Chair	Member	Member	
Curtis J. Myers					Member *
Scott A. Snyder		Member		Vice Chair	Chair
Ronald H. Spair	Chair	Vice Chair	Member		
Mark F. Strauss		Member	Chair	Member	
Ernest J. Waters	Member				Member
E. Philip Wenger		Member			Member *

* Ex-officio member per bylaws.

HR Committee Interlocks and Insider Participation

HR Committee. All members of the HR Committee meet the Nasdaq independence requirements. More information regarding the HR Committee can be found in the "Compensation Discussion and Analysis" section of this Proxy Statement beginning on Page 26. There are no interlocking relationships involving members of the HR Committee. The HR Committee is responsible for: (i) approving or recommending to the Board compensation for the CEO and other NEOs; (ii) administration of Fulton's cash and equity-based incentive compensation plans, including the ESPP and the 401(k) Plan; (iii) approving employment agreements for the NEOs and other Fulton and Fulton Bank officers and (iv) fulfilling other broad-based compensation, benefits and human resources duties. The HR Committee met a total of nine times in 2021. The HR Committee is governed by a formal charter, last amended in July 2021, that is available on Fulton's website at www.fultonbank.com.

Other Board Committees

Audit Committee. All members of the Audit Committee meet the Nasdaq independence requirements, and the rules and regulations of the SEC for membership on audit committees. Each of the Audit Committee members qualifies and been designated by the Board as an Audit Committee "financial expert" as defined by SEC regulations. The Audit Committee met 12 times during 2021.

The Audit Committee is governed by a formal charter, last amended in July 2021, that is available on Fulton's website at www.fultonbank.com. The Audit Committee is responsible for the following matters: (i) pre-approval of audit and non-audit services; (ii) sole authority to appoint, evaluate, retain, or terminate the independent auditor; (iii) direct responsibility for the compensation and oversight of the work of the independent auditor; (iv) oversight of the overall relationship with the independent auditor; (v) meeting with the independent auditor to review the scope of audit services; (vi) reviewing and discussing with management and the independent auditor annual and quarterly financial statements and related disclosures; (viii) overseeing the internal audit function, including hiring and replacing the chief audit executive; (ix) reviewing related person transactions; (x) establishing procedures and handling complaints concerning accounting, internal accounting controls, or auditing matters and (xi) those risk management matters outlined in the Audit Committee Charter. In addition, with respect to any bank subsidiary that has not established its own independent audit committee, it is intended that Fulton's Audit Committee will satisfy the obligations imposed on such bank subsidiary relating to the establishment and duties of an independent audit committee as set forth in Section 36 of the Federal Deposit Insurance Act and its implementing regulations. Currently, Fulton Bank is the only such subsidiary.

NCG Committee. All members of the NCG Committee meet the Nasdaq independence requirements. The NCG Committee met eight times during 2021. The NCG Committee is responsible for, among other things: (i) recommending to the Board nominees for election to the Board; (ii) assisting the Board with corporate governance matters, including the review and approval of all changes to the Code of Conduct; (iii) Governance Guidelines and (iv) the responsibility for guidelines and creating procedures to be used by directors in completing Board evaluations used in monitoring and evaluating the performance of the Board and committees. The NCG Committee is also responsible for determining whether Fulton's directors and NEOs are in compliance with Fulton's stock ownership guidelines.

In 2021, the Board designated the NCG Committee to be the Board level committee responsible to provide oversight of Fulton's environmental, social and governance strategy, and Fulton's corporate social responsibility reporting. The NCG Committee is governed by a formal charter, last amended in July 2021, that is available on Fulton's website at www.fultonbank.com.

Executive Committee. The Executive Committee did not meet during 2021. Except for the powers expressly excluded in Section 5 of Article III of the Bylaws, the Executive Committee exercises the powers of the Board between board meetings.

Risk Committee. Fulton's Risk Committee met nine times during 2021. The Risk Committee is responsible for providing oversight of Fulton's risk management functions and practices, including assisting the Board with its oversight of Fulton's policies, procedures and practices relating to assessment and management of Fulton's enterprise-wide risks, including those risks identified in Fulton's Enterprise Risk Management Policy, which currently include strategic risk, reputation risk, credit risk, market risk, liquidity risk, operational risk, legal risk and compliance and regulatory risk. The Risk Committee Chair is an independent director and was determined by Fulton's Board to possess the requisite experience in identifying, assessing and managing risk exposures at large, complex firms. The Risk Committee is governed by a formal charter, last amended in July 2021, that is available on Fulton's website at www.fultonbank.com.

Board's Role in Risk Oversight

While each of Fulton's committees is responsible for overseeing the management of certain risks that are germane to their committee responsibilities outlined in their charters, Fulton's Risk Committee is primarily responsible for overseeing the management of enterprise risk for Fulton, and the entire Board is regularly informed about such risks through committee reports and review of board committee meeting minutes. The Board and Risk Committee regularly review information regarding Fulton's exposure to strategic risk, reputation risk, credit risk, market risk, liquidity risk, operational risk, legal risk and compliance and regulatory risk, as well as Fulton's strategies to monitor, control and mitigate its exposure to these risks. In addition, the HR Committee is responsible for overseeing the management of risks relating to all of Fulton's compensation plans. The Audit Committee shares with the Risk Committee a general oversight role in Fulton's risk management process in the context of the Audit Committee's responsibility for financial reporting and its evaluation and assessment of the adequacy of Fulton's internal control structure. The NCG Committee manages risks associated with the independence of the Board, potential conflicts of interest and governance matters.

The Board also relies upon Fulton's Chief Risk Officer and other members of Fulton's Enterprise Risk Management Committee, which is Fulton's officer-level risk management committee, to oversee existing and emerging risks and serve as a primary review forum prior to escalation to the Risk Committee and the Board. This officer-level risk management committee provides management-level oversight for Fulton's risk management and compliance programs. In addition, annually, Fulton's Board adopts a formal Risk Appetite Statement that sets forth both the qualitative and quantitative parameters within which Fulton executes its business strategies, and outlines the general framework within which Fulton manages risk in the context of Fulton's core values and its management philosophy, which seeks to balance the risk it assumes in serving its customers and communities with the return it earns for its shareholders.

Fulton's framework for enterprise risk management consists of three "lines of defense:" (i) lines of business, bank operations, shared services operations and certain corporate functions (collectively known as front line units) have primary responsibility for risk management and compliance, and they each drive process deployment, risk identification and management, policies and procedures, training and communication and reporting; (ii) independent risk management units (consisting of risk management, compliance, loan review, vendor risk management, fraud risk management, Bank Secrecy Act compliance, corporate information security office and other risk management units) have oversight responsibility and define governance requirements for risk management and compliance, and these units educate, advise and monitor front line unit risk and compliance activities in discrete areas and (iii) Fulton's internal audit function independently validates the effectiveness of internal controls and risk management activities within front line units and independent risk management units in those areas, and periodically reports results to management and the Board.

Fulton's risk appetite is centered on Fulton's objective to consistently increase and enhance shareholder value while managing risk at an acceptable level. Fulton's Board, and the committees that monitor risk, assess and oversee the management of risk, including the establishment, tracking and reporting of key risk indicators within the primary risk categories of strategic, reputation, credit, market, liquidity, operational, legal, compliance and regulatory. Fulton also engages in continuing risk assessments, capital management and stress testing to ensure that Fulton has adequate capital to absorb potential losses under various stress scenarios.

Board's Role in Cybersecurity Risk

Cybersecurity risk is a key consideration in the operational risk management capabilities at Fulton. Under the direction of its Chief Information Security Officer, Fulton maintains a formal information security management program that is subject to oversight by, and reports to, the Board's Risk Committee. Given the nature of Fulton's operations and business, including Fulton's reliance on relationships with various third-party providers in the delivery of financial services, cybersecurity risk may manifest itself through various business activities and channels, and it is, therefore, considered an enterprise-wide risk and subject to control and monitoring at various levels of management throughout the business. In accordance with its charter, the Board's Risk Committee oversees and reviews reports on significant matters of actual, threatened or potential breaches of corporate security, including cybersecurity.

Board's Role in Consumer Financial Protection

Fulton maintains a compliance management system with particular focus on compliance with federal consumer financial protection laws, rules and regulations. Under the direction of Fulton's Chief Compliance Officer, Fulton maintains a consumer compliance program, which is subject to oversight by, and reporting to, the Risk Committee of the Board. The compliance program includes regular risk assessments, policy updates, compliance monitoring, compliance officer involvement in new product and significant project initiatives across the company, regulatory change management, independent audit testing, and a compliance training program administered by Fulton's Center for Learning and Talent Development. Compliance courses are mandatory and assigned based upon an individual's role in the company, which enables Fulton to develop a compliance mindset at all levels of the company. Fulton's compliance management system also includes monitoring of customer feedback and complaints. By leveraging Fulton's customer advocacy group, Fulton is able to give timely and full resolution of customers' expressions of dissatisfaction. Fulton's compliance management system is subject to review and examination by various regulatory agencies including the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau.

Board's Role in Environmental and Social Responsibility

In 2021 the Board designated the NCG Committee to be the Board level committee responsible to provide oversight of Fulton's environmental, social and governance ("**ESG**") strategy, and Fulton's corporate social responsibility reporting. In 2021, Fulton formed a cross-functional management committee to coordinate and communicate with respect to Fulton's ESG initiatives. Information on our various ESG-related activities will be available on our website at www.fultonbank.com. The ESG and other information posted on our web site is not part of or incorporated by reference into this Proxy Statement.

Lead Director and Fulton's Leadership Structure

Since June 2018, Director Moxley has served as Fulton's Lead Director and independent Executive Committee Chair. He is also a member of the NCG Committee and HR Committee. The Board has determined that a structure that includes a Lead Director and a combined Chairman/CEO is appropriate for Fulton. Pursuant to the Governance Guidelines, the Board designates for a term of at least one year, and discloses in Fulton's Proxy Statement, the independent non-employee director who will lead the non-employee directors' executive sessions and preside at all meetings of the Board at which the Chairman is not present. The Governance Guidelines also require that the Lead Director shall, as appropriate: (i) serve as a liaison between the Chairman and the independent directors; (ii) approve information sent to the Board; (iii) approve meeting schedules to assure that there is sufficient time for discussion of all agenda items and (iv) and have the authority to call meetings of the independent directors.

The leadership structure of Fulton combines the positions of Chairman and CEO. This structure permits the CEO to manage Fulton's daily operations and provides a single voice for Fulton when needed. Fulton believes that separation of these roles is not necessary because the Lead Director acts to counterbalance the combined Chairman and CEO positions. As of December 31, 2021, approximately 79% of Fulton's directors (11 out of 14) were determined to be independent under applicable Nasdaq standards, which provides an appropriate level of independent oversight at Board meetings and executive sessions. In addition, Fulton's HR Committee, NCG Committee and Audit Committee are all currently, and will continue to be, comprised solely of independent directors. With respect to the director nominees for the Annual Meeting, approximately 77% of Fulton's directors (10 out of 13) were determined to be independent under applicable Nasdaq standards.

Executive Sessions

In 2021, the Fulton independent directors met four times in executive session. Fulton's Lead Director conducted these executive sessions of the independent directors.

Annual Meeting Attendance

Fulton expects directors to attend the Annual Meeting unless their absence is excused. All members of the Board attended the 2021 Annual Meeting.

Shareholder Engagement

Fulton's Board and management consistently engage with shareholders and hopes to meet with shareholders that attend the Annual Meeting. Fulton seeks to engage with institutional shareholders at various investor events during the year.

Director Education and Board Development

Fulton encourages its directors to attend seminars and educational programs as part of its corporate governance and general board education process. These educational opportunities are in addition to the education and development presentations that are provided during Fulton Board meetings and seminars. For example, third parties are periodically asked to provide the Board with presentations on governance, the economy, regulatory, compliance and a variety of other topics of interest. Each of directors Crutchfield, Devine, Hodges and Moxley has completed the requirements for the NACD Board Leadership Fellow Program for 2021 and prior years. In order to become NACD Board Leadership Fellows, individuals must demonstrate their knowledge of the leading trends and practices that define exemplary corporate governance and commit to developing professional insights through a sophisticated course of ongoing study. In 2017, Dr. Snyder also successfully completed the NACD Cyber-Risk Oversight Program and earned a CERT Certificate in Cybersecurity Oversight issued by the Software Engineering Institute at Carnegie Mellon University. With the oversight of the NCG Committee, Fulton will continue to promote board development and ensure directors are kept current with respect to timely board and governance topics.

Legal Proceedings

There are no material legal proceedings in which any director, officer, nominee, affiliate or principal shareholder, or any associate thereof, is a party adverse to Fulton, or in which any such person has a material interest adverse to Fulton.

Related Person Transactions

Financial Products and Services: In 2021, certain directors and executive officers of Fulton, including the NEOs, their family members and the companies with which they are associated, were customers of, and/or had banking transactions with, Fulton's bank subsidiaries during 2021. These transactions included deposit accounts, trust relationships, loans and other financial products and services provided in the ordinary course of business by Fulton's bank subsidiaries. All loans and commitments to lend made to such persons and to the companies with which they are associated were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, and did not involve more than a normal risk of collectability or present other unfavorable features. It is anticipated that similar transactions will be entered into in the future. By using Fulton's products and services, directors and executive officers have the opportunity to become familiar with the wide array of products and services offered by Fulton's bank subsidiaries to customers.

Other Transactions: Applicable SEC regulations require Fulton to disclose transactions with certain related persons where the annual amount involved exceeds $120,000. However, a person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with Fulton is not deemed to have a material interest in a transaction where the interest arises only from such person's position as a director of the firm, corporation or other entity and/or arises only from the ownership by such person in the firm, corporation or other entity if that ownership is under 10%, excluding partnerships. Amounts paid to entities in which a related person does not have a material interest or that were obtained by a low bid pursuant to a formal request for proposal to provide services are not required to be disclosed. Fulton may have engaged in various transactions on customary terms with companies where directors, nominees or officers and immediate family members may be directors, officers, partners, or employees, and it is possible that Fulton's directors, nominees and executive officers may not have knowledge of those transactions.

In 2021, the only related person transactions Fulton had which were in excess of $120,000 and require specific disclosure were for the direct payment of fees to Barley Snyder LLP in the amount of $1.858 million, and donations and other payments to the Spanish American Civic Association for Equality, Inc., and related entities ("**SACA**") in the amount of $205,000. Jennifer Craighead Carey is a director nominee for the Annual Meeting and was a partner with less than a 10% interest in the law firm of Barley Snyder LLP during 2021. The payment to Barley Snyder LLP represents the total direct amount paid for all invoices processed by Fulton and its subsidiaries during 2021. Ms. Craighead Carey was not directly engaged as counsel for any Fulton matter, nor did she bill any hours on Fulton engagements during 2021. Fulton anticipates engaging Barley Snyder LLP for legal services in the future. Carlos E. Graupera is retiring as a director at the Annual Meeting, and he and his spouse were officers of SACA and its related entities during 2021. SACA is a Latino founded and managed community-based organization whose mission is to enable the community it serves to integrate itself into the social, economic, and political mainstream of life in Lancaster County, Pennsylvania. Amounts paid include contributions to SACA and its affiliates for the Neighborhood Assistance Project and other activities to advance their mission in the Lancaster, Pennsylvania community. Some of the contributions to SACA qualify as Pennsylvania tax credits for Fulton. The total payments and contributions to SACA by Fulton were less than 5% of total revenues reported by SACA in its 2021 Annual Report. Fulton anticipates providing future support for SACA and other community organizations in the future.

Fulton considered the transactions between Fulton and members of the Board and executive officers that do not require specific disclosure, when it made the determinations that 10 of Fulton's 13 director nominees, or approximately 77% of the director nominees who are standing for election at the Annual Meeting, are independent in accordance with the Nasdaq listing standards. See "Information about Nominees, Directors and Independence Standards" on Page 9 for more information.

Family Relationships: SEC regulations generally require disclosure of any employment relationship or transaction with a related person in which the amount involved exceeds $120,000. In fiscal year 2021, there were no family relationships requiring disclosure among any of the members of the Board, board nominees and executive officers of Fulton. Fulton employees participate in compensation, benefit and incentive plans on the same basis as other similarly situated employees.

Related Person Transaction Policy and Procedures: Fulton does not have a separate policy specific to related person transactions. Under the Code of Conduct, however, employees and directors are expected to recognize and avoid those situations in which personal interest or relationships might interfere, or appear to interfere, with their responsibilities to Fulton. The Code of Conduct also requires thoughtful attention to the problem of conflicts and the exercise of the highest degree of good judgment. Under the Code of Conduct, directors must provide prompt notice to Fulton of all new or changed business activities, related person relationships and board directorships as they arise.

In addition, Fulton and Fulton Bank are subject to Federal Reserve Regulation O, which governs loans by federally regulated banks to certain insiders, including an executive officer, director or 10% controlling shareholder of the applicable bank or bank holding company, or an entity controlled by such executive officer, director or controlling shareholder (an "**Insider**"). Fulton Bank is required to follow a Regulation O policy that prohibits Fulton Bank from making loans to an Insider unless the loan: (i) is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender and (ii) does not involve more than the normal risk of repayment or present other unfavorable features. Fulton and Fulton Bank are examined periodically by bank regulators and Fulton's Internal Audit Department for compliance with Regulation O to ensure that internal controls exist within Fulton to monitor Fulton's compliance with Regulation O.

In accordance with Fulton's Audit Committee Charter and Nasdaq listing standards, the Audit Committee is charged with the responsibility to conduct, at least annually, an appropriate review and oversight of all transactions with related persons as defined in applicable SEC regulations. This responsibility in the Audit Committee Charter includes reviewing an annual report regarding the related person transactions, if any, with each member of Fulton's Board, the NEOs and other relevant related persons during the prior year. In the event of a potentially significant related person transaction arises, Fulton's Chief Legal Officer will review the facts and circumstances with the Committee at an interim date. At a meeting in February 2022, the Audit Committee reviewed and approved a report of all potential related person transactions identified during 2021.

Delinquent Section 16(a) Reports

Based solely on Fulton's review of: (i) Forms 3 and 4 and amendments furnished to Fulton during the 2021 fiscal year; (ii) Form 5 and amendments thereto furnished to Fulton and (iii) written representations from Fulton's directors, the NEOs and Fulton's other executive officers, Fulton believes that all Section 16(a) Reports were timely filed in 2021.

Board and Committee Evaluations

The NCG Committee reviews and recommends to the Board guidelines and procedures to be used by directors in monitoring and evaluating the performance of the Board and its committees. The Board and its committees, except the Executive Committee, conduct an annual self-evaluation of the performance of the Board and committees. Anonymous board and committee evaluation questionnaires were last completed in the fourth quarter of 2021. The results were compiled by Fulton's in-house corporate counsel and presented to the NCG Committee in December 2021 and the members of each committee also received a summary report of the results of that committee's questionnaire. The NCG Committee reported the results to the Board at its December 2021 regular meeting, and the Board and each of the committees discussed the summary of its respective annual evaluations.

Director Compensation

Non-employee directors serving as a member of the Board currently receive a combination of a cash retainer and equity compensation for service on the Board and its committees. Fulton directors do not receive individual meeting fees or any third-party compensation for their Fulton board service. In 2021, Fulton granted to non-employee directors equity awards pursuant to the Amended and Restated Directors' Equity Participation Plan (the "**2019 Director Equity Plan**") in the form of shares of Fulton restricted stock units that fully vest one year after the grant date.

Salaried officers of Fulton do not receive additional compensation for service on the Board. Accordingly, Messrs. Wenger and Myers did not receive director fees. The Board reviews Fulton's non-employee director compensation annually with the assistance of the HR Committee.

Fulton reimburses directors for Board-related expenses and provides non-employee directors with a $50,000 term life insurance policy. Certain directors have elected to participate in the Fulton Deferred Compensation Plan, pursuant to which a director may elect to defer a portion of his or her cash director fees. The current Fulton non-employee directors who have established accounts are Fulton directors Devine, Freer and Spair. Members of the

Board serving on the Bank Board do not receive any additional compensation. The following is a summary of the structure and amounts of compensation paid to non-employee directors for service on the Board and its committees as of January 1, 2022:

Non-employee Director Fees	Amount
Quarterly director retainer	$17,500 in cash
Additional quarterly retainer paid to the Lead Director	$7,500 in cash
Additional quarterly retainer paid to committee chairs [1]	$3,125 in cash
Annual equity retainer [2]	Fulton restricted stock units equivalent to $70,000

[1] A quarterly retainer is not paid to the chair of the Executive Committee.

[2] Non-employee directors elected at the Annual Meeting will receive a 2022 annual equity retainer in restricted stock units ("**DSU Awards**") in the amount of $70,000. This amount was increased by $10,000 for 2022. The number of restricted stock units comprising the DSU Awards will be based on the closing price of Fulton's common stock on the grant date, or the prior trading day, if the grant date is not a trading day, rounded up to the next whole share. Until the DSU Awards are fully vested, settled and paid in Fulton common stock, the equity award will accrue "dividend equivalents". The DSU Awards fully vest after one year of service, or, if earlier, the date of the next annual meeting of shareholders.

The following table details the compensation paid to each Fulton non-employee director who served during 2021:

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards [2] ($)	All Other Compensation [3] ($)	Total ($)
Jennifer Craighead Carey	70,000	60,013	0	130,013
Lisa Crutchfield	82,500	60,013	0	142,513
Denise L. Devine	74,688	60,013	0	134,701
Steven S. Etter	70,000	60,013	0	130,013
Patrick J. Freer[1]	29,167	0	0	29,167
Carlos E. Graupera	70,000	60,013	0	130,013
George W. Hodges	70,000	60,013	0	130,013
George K. Martin	46,667	60,013	12,500 [4]	119,180
James R. Moxley III	100,000	60,013	0	160,013
Scott A. Snyder	82,500	60,013	0	142,513
Ronald H. Spair	82,500	60,013	0	142,513
Mark F. Strauss	77,813	60,013	0	137,826
Ernest J. Waters	70,000	60,013	0	130,013

[1] Director Freer retired at the 2021 Annual Meeting.

[2] The amounts in this column consist of a $60,000 stock award granted on June 1, 2021 consisting of 3,451 stock units having a grant date fair value of $17.39 per share (the closing price of Fulton common stock on June 1, 2021). These stock awards are expected to vest June 1, 2022, and the amount shown does not reflect the value of any dividend equivalents accrued during 2021 on vested or unvested director awards.

[3] The amount excludes perquisites and other personal benefits with an aggregate value of less than $10,000.

[4] This amount represents Mr. Martin's director fees for service on the Bank Board prior to his election to the Board at the 2021 Annual Meeting.

INFORMATION CONCERNING EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section of the Proxy Statement explains the design and operation of Fulton's 2021 executive compensation program with respect to the compensation paid to Fulton's NEOs. Below are the 2021 and 2020 base salary, cash incentive and long-term incentive components for Fulton's NEOs. You can find more complete information about all elements of compensation for the NEOs in the following discussion and in the Summary Compensation Table that appears on Page 37.

NEOs		Year	Salary [2]	Annual Cash Incentive [3]	Long-Term Incentive [4]	Total Direct Compensation [5]
	**E. Philip Wenger** Chairman and Chief Executive Officer	2021	$1,048,822	$1,741,045	$1,305,528	$4,095,395
		2020	$1,048,822	$630,735	$1,292,385	$2,971,942
		% Change	0.00%	176.03%	1.02%	37.80%
		$ Change	$0	$1,110,310	$13,143	$1,123,453
	**Curtis J. Myers** President and Chief Operating Officer	2021	$571,788	$806,793	$558,644	$1,937,225
		2020	$561,000	$277,835	$555,828	$1,394,663
		% Change	1.92%	190.39%	0.51%	38.90%
		$ Change	$10,788	$528,958	$2,816	$542,562
	**Mark R. McCollom** Senior Executive Vice President and Chief Financial Officer	2021	$444,002	$515,931	$433,784	$1,393,717
		2020	$435,625	$215,743	$431,603	$1,082,971
		% Change	1.92%	139.14%	0.51%	28.69%
		$ Change	$8,377	$300,188	$2,181	$310,746
	**Angela M. Snyder** Senior Executive Vice President and Head of Consumer Banking [1]	2021	$402,214	$333,838	$294,713	$1,030,765
		2020	$394,625	$139,599	$295,703	$829,927
		% Change	1.92%	139.14%	(0.33%)	24.20%
		$ Change	$7,589	$194,239	($990)	$200,838
	**Meg R. Mueller** Senior Executive Vice President and Head of Commercial Business	2021	$402,214	$333,838	$294,713	$1,030,765
		2020	$394,625	$139,599	$295,703	$829,927
		% Change	1.92%	139.14%	(0.33%)	24.20%
		$ Change	$7,589	$194,239	($990)	$200,838

(1) Ms. Snyder was promoted to Senior Executive Vice President and Chief Banking Officer effective January 1, 2022.

(2) Salary received in calendar year and reported in the Summary Compensation Table that appears on Page 37.

(3) Annual cash incentive paid for calendar year and reported in the Summary Compensation Table on Page 37 in the column titled "Non-Equity Incentive Plan Compensation."

(4) The grant date value of the performance stock units in the Summary Compensation Table appears on Page 37. This amount is not necessarily the value the Executive will realize upon vesting.

(5) The amounts in this column for 2021 and 2020 exclude the amounts appearing in the Summary Compensation Table on Page 37 in the column titled "All Other Compensation."

Executive Summary

Fulton's HR Committee is responsible for establishing and overseeing the NEOs' compensation program in alignment with Fulton's compensation philosophy. Fulton believes that the compensation of the NEOs should reflect Fulton's overall performance as well as the contributions of the NEOs to that performance. Annual cash incentive compensation awards ("**VCP Awards**") and long-term equity awards in the form of performance shares ("**Performance Shares**") earned by the NEOs under Fulton's Amended and Restated Equity and Cash Incentive Compensation Plan (the "**2013 Plan**") are determined based on predetermined performance goals and the HR Committee's assessment, in the exercise of its discretion, of the NEOs' attainment of those 2021 goals.

The independent directors of the Board review and approve compensation decisions for the CEO and other NEOs after careful review and upon recommendation of the HR Committee. The HR Committee's independent compensation consultant, Frederick W. Cook & Co., Inc. ("**FW Cook**") provides advice, information and objective opinions to the HR Committee with respect to Fulton's executive compensation programs, policies and practices.

Below is a summary of certain of Fulton's executive compensation and related corporate governance practices. The HR Committee believes the governance and compensation practices below reflect appropriate governance and are closely aligned with shareholder interests.

Governance and Compensation Practices	
• HR Committee comprised exclusively of independent directors • Annual say-on-pay vote • Independent executive compensation consultant whose independence is reviewed annually • Link pay to performance with a majority of performance-based incentive compensation awarded to NEOs • Executive long-term incentive compensation aligned with shareholder returns through performance share units	• Stock ownership requirements for NEOs • Comprehensive clawback policy • Insider trading policy, including anti-hedging and anti-pledging provisions • "Double trigger" change in control provisions • Cap on incentive compensation payments for the NEOs • Annual incentive compensation risk assessment • No springloading with respect to equity awards

Management's Discussion and Analysis of Financial Condition and Results of Operations in Fulton's Annual Report includes an overview of Fulton's 2021 performance. Key 2021 accomplishments and financial highlights are set forth below:

- Earnings per share of $1.62;
- Continued rationalization of Fulton's physical branch footprint by completing the consolidation of 21 branch locations and opened new locations in strategically important markets of Baltimore, Maryland and Philadelphia, Pennsylvania;
- Growth in average deposit balances of $2.3 billion, or 12.0%;
- Growth in average loan balances of $357 million, or 2.0%; and
- Repurchased 2.8 million shares at an average cost of $15.65 per share in the year.

The HR Committee took a number of 2021 NEO compensation actions as summarized in the table below:

<table>
<tr><th>Element</th><th>HR Committee Actions</th></tr>
<tr><td>Salaries</td><td>Mr. Wenger did not receive an annual base salary increase for 2021.
The other NEOs received a 2.5% base salary increase effective in April 2021.</td></tr>
<tr><td>VCP Awards</td><td>2021 target VCP Award amounts set as a percentage of salary for Messrs. Wenger, Myers and McCollom at 100%, 85% and 70%, respectively, and 50% for each of the other NEOs.
Approved 2021 scorecard performance criteria used to determine VCP Award amounts.
The threshold payout opportunity set at 50% of target and maximum payout opportunity set at 200% of target.
VCP Awards conditioned on Fulton having a minimum return on average equity (“ROE”) of 5.952% and positive net income for 2021.
Evaluated Fulton and the NEOs’ performance relative to the 2021 performance criteria and determined that the NEOs should receive 2021 VCP Awards, as a percentage of base salary, and as a percentage of target opportunity, as follows:
<table>
<tr><th>NEO</th><th>Actual VCP Awards as a % of base salary</th><th>Actual VCP Awards as a % of target</th></tr>
<tr><td>Mr. Wenger</td><td>166%</td><td>166%</td></tr>
<tr><td>Other NEOs</td><td>Ranged from 83% to 141%</td><td>166%</td></tr>
</table></td></tr>
<tr><td>Equity Awards</td><td>Approved the 2021 Performance Shares in the form of performance-based restricted stock units (the “2021 Performance Shares”).
Target award opportunity set at 125% of Mr. Wenger’s base salary, 100% of the base salary for Messrs. Myers and McCollom, and 75% of the base salary for the other NEOs.
Actual number of shares of Fulton common stock, if any, that the NEOs may receive upon vesting on May 1, 2024 (the “2021 Performance Period”) may be higher or lower than the target number granted.
2021 Performance Shares included two components, and each 2021 Performance Share component utilized different vesting terms as detailed below:
TSR component, representing 65% of the target dollar amount for the NEOs. The number of shares that may be received upon vesting of the total shareholder return (“TSR”) component is based on Fulton’s TSR for the 2021 Performance Period measured relative to Fulton’s 2021 peer group; and
Profit Trigger component (the “Profit Trigger”), representing 35% of the target dollar amount for the NEOs. The number of shares that may be received upon vesting of the Profit Trigger component will not vary and is subject to the Profit Trigger requirement. The Profit Trigger is determined based on positive Fulton net income for the 2021 Performance Period.</td></tr>
</table>

Shareholder Say-on-Pay Proposal Historical Results

Fulton views the results of past say-on-pay proposals as support for its historical compensation policies and decisions. The Board and HR Committee considers the non-binding vote a barometer of shareholder support for Fulton’s compensation programs. Fulton’s shareholders have consistently approved its say-on-pay proposal with an average of approximately 97.51% of shares voted being cast “FOR” the say-on-pay proposals over the last 5 years as highlighted below:

	Shares Voted FOR as a Percentage of total vote (excluding abstentions) FOR Fulton’s say-on-pay Proposal				
Year	**2021**	**2020**	**2019**	**2018**	**2017**
% Voted FOR	97.17%	97.45%	97.57%	97.73%	97.63%

These prior votes confirm shareholder support of Fulton’s compensation philosophy and objective of linking executive compensation to Fulton’s operating objectives and the enhancement of shareholder value.

In 2017, shareholders approved Fulton’s recommendation that the say-on-pay proposal should be submitted to shareholders on an annual basis. Fulton’s HR Committee and Board will continue to evaluate the frequency of the non-binding say-on-pay proposal. Fulton intends to submit a new say-when-on-pay proposal at the Fulton annual meeting in 2023.

Compensation Philosophy

Fulton's executive compensation philosophy and programs are intended to achieve three objectives:

Align NEOs' interests with shareholder interests	The interests of the NEOs should be closely aligned with its shareholders using key financial measures that result in long-term shareholder value.
Link pay to performance	A close link should exist between the NEOs' pay and the overall performance of Fulton on both a short-term and long-term basis. Fulton seeks to reward the NEOs for their contributions to Fulton's financial and non-financial achievements and to differentiate rewards to the NEOs based on their individual contributions.
Attract, motivate and retain talent	Fulton's success is closely tied to the attraction, motivation and retention of highly talented employees and a strong management team.

To achieve these three objectives, Fulton provides the following elements of executive compensation:

Base Salary	Fulton generally targets the NEOs' base salaries near the market median of comparable peer companies based on individual job responsibilities, experience and individual performance in making base salary determinations.
Annual Cash Incentive Awards	VCP Awards are designed to focus the NEOs' attention on the achievement of Fulton's business goals. Fulton's at-target performance awards are designed to position total cash compensation near the market median of comparable peers. The VCP Awards provide the NEOs with the opportunity to earn awards above the market median for superior performance.
Equity Awards	Long-term incentives are awarded in the form of Performance Shares to focus the NEOs' attention on delivering long-term performance results that increase shareholder value.

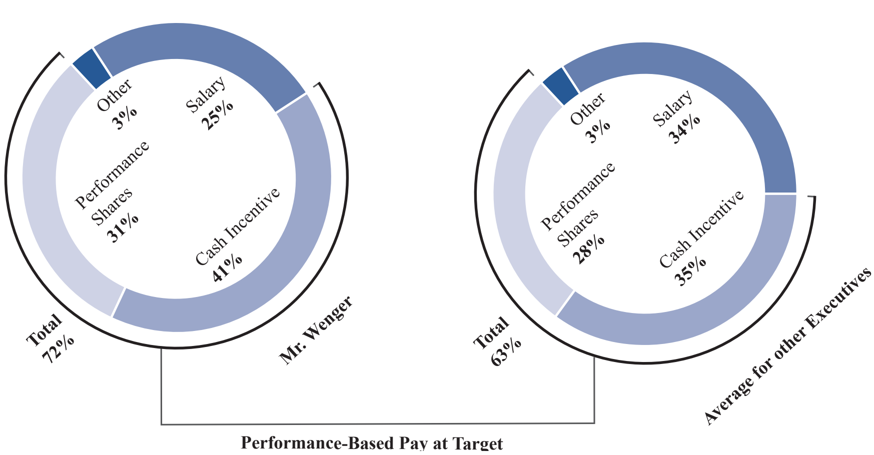
Pay for Performance

Fulton's compensation philosophy is to align pay to performance on both a short-term and long-term basis. Annual VCP Awards are "at-risk" and subject to financial performance thresholds. The VCP Award funding level is determined by scorecard performance factors, and awards can be adjusted further by the HR Committee in its discretion using a corporate modifier. The VCP awards and Performance Shares ensure that the interests of the NEOs, both short- and long-term, are aligned with Fulton's shareholders.

The following charts show the compensation mix for Mr. Wenger and the other NEOs. For 2021, Mr. Wenger's "performance pay" was 72% of total compensation, and the average "performance pay" for the other NEOs was 63% of total compensation.

2021 Compensation Mix– Performance Based Pay

CEO and Average for Other Executives



HR Committee Membership and Role

The HR Committee is comprised of seven independent directors all of whom are appointed annually. The HR Committee reviews and approves, or makes recommendations to the Board with respect to, the base salaries and other compensation paid or awarded to the NEOs and administers Fulton's equity and other compensation plans. The HR Committee relies upon performance data, statistical information and other data regarding executive compensation programs, including information provided by Fulton's Human Resources department, Fulton's officers and outside advisors. The HR Committee has unrestricted access to individual members of management and employees and may ask them to attend any HR Committee meeting or to meet with any member of the HR Committee. The HR Committee has the power and discretion to retain, at Fulton's expense, such independent counsel and other advisors or experts as it deems necessary or appropriate to carry out its duties.

Fulton does not have an exact formula or policy with regard to the allocation of compensation between cash and non-cash elements, and the HR Committee established a methodology and an award matrix for annual cash incentive compensation payments, including short and long-term incentives. The HR Committee determines the amount, and type, of the NEOs' compensation considering: (i) publicly available executive compensation information of peer group companies; (ii) advice from outside advisors and experts; (iii) the complexity, scope and responsibilities of the individual's position; (iv) the CEO's recommendations with respect to the other NEOs; (v) possible demand by competitors and other companies for the NEOs and (iv) compensation appropriate to attract executives to Fulton's headquarters in Lancaster, Pennsylvania.

Role of Management

Members of Fulton's executive management team attend regular meetings in which executive compensation, company performance, individual performance and competitive compensation levels and practices are discussed and evaluated.

As part of the performance evaluation process, all the NEOs meet individually with the CEO to discuss their respective performance. The CEO reviews the performance of the other NEOs with the HR Committee and shares comments and recommendations with respect to the performance of the other NEOs. The HR Committee, without the CEO present, reviews the CEO's overall performance and regularly has executive sessions without management present. The NEOs are not present for the HR Committee's discussions, deliberations and decisions with respect to their individual compensation. The Board, in executive session, with only the independent directors present, makes all final determinations regarding the CEO's and other NEOs' compensation after considering recommendations made by the HR Committee.

Use of Consultants

In 2021, the HR Committee retained FW Cook as its independent compensation consultant. FW Cook performed a variety of assignments during 2021, including: (i) conducting a compensation market analysis with respect to Fulton's NEOs; (ii) compensation policy and scorecard reviews; (iii) work related to the design of Fulton's incentive compensation plans; (iv) a comprehensive review of Fulton's director compensation programs and (v) general compensation advice regarding Fulton's NEOs. As part of the 2021 engagement, the HR Committee instructed FW Cook to compare Fulton's current compensation practices and executive compensation programs with those of Fulton's peers, evolving industry best practices and regulatory guidance. Based on that comparison, FW Cook recommended changes in Fulton's executive compensation practices that were consistent with Fulton's executive compensation philosophy and objectives, as described above. The specific instructions given to the consultant and fees to be paid were generally outlined in engagement letters that described the scope and performance of duties under each project. Fulton does not have a policy that limits the other services that an executive compensation consultant may perform. FW Cook reported to the HR Committee that it and its affiliates did not provide additional services to Fulton or its affiliates in 2021.

The HR Committee considered the independence of FW Cook for the 2021 engagement in light of the SEC rules and Nasdaq listing standards related to compensation committee consultants. The HR Committee concluded that the work performed by FW Cook and its consultants did not raise any conflict of interest, and it further concluded that FW Cook satisfies the applicable rules and standards related to the independence of compensation committee consultants.

Use of a Peer Group

On an annual basis, FW Cook assists the HR Committee in reviewing the suitability of Fulton's peer group. The HR Committee approved the 2021 19-member peer group (the "**2021 Peer Group**"). The HR Committee examined the compensation practices of the 2021 Peer Group companies and other relevant data from FW Cook in establishing 2021 base salaries for the NEOs and the 2021 Performance Shares. Certain members of the 2021 Peer Group were dropped during the year because they announced they were being acquired or were involved in significant merger and acquisition transactions. The 2021 Peer Group members dropped in 2021 are noted in the table below. Evaluation and selection of the 2021 Peer Group was based on a number of factors, including asset size, revenue composition, number of employees, market capitalization, geographic location, business model, and ownership profile.

The 2021 Peer Group is set forth below:

2021 Peer Group	
Atlantic Union Bankshares Corp	Provident Financial Services, Inc.
BancorpSouth Bank*	Trustmark Corp.
Commerce Bancshares, Inc.	UMB Financial Corp.
First Midwest Bancorp, Inc.*	Umpqua Holdings Corp.*
F.N.B. Corp.	United Bankshares, Inc.
Hancock Whitney Corporation	United Community Banks, Inc.
Investors Bancorp, Inc.*	Valley National Bancorp
Northwest Bancshares, Inc.	Webster Financial Corp.*
Old National Bancorp	Wintrust Financial Corp.
Prosperity Bancshares, Inc.	

* Peer was dropped during 2021 upon the announcement of a significant merger and acquisition transaction.

Elements of Executive Compensation

Fulton's executive compensation program currently provides for a mix of base salary, short-term cash incentive and long-term equity-based incentives as follows:

Base Salary: Fulton sets the NEOs' base salaries in line with market median and based upon the NEOs' positions, experience, responsibilities and performance. Below are the 2020 and 2021 base salaries, effective April 1 of each year, for each of the NEOs:

NEO	2020 Base Salary	2021 Base Salary	2021 Base Salary Increase
E. Philip Wenger	$1,048,822	$1,048,822	0.0%
Curtis J. Myers	$ 561,000	$ 575,025	2.5%
Mark R. McCollom	$ 435,625	$ 446,516	2.5%
Angela M. Snyder	$ 394,625	$ 404,491	2.5%
Meg R. Mueller	$ 394,625	$ 404,491	2.5%

VCP Awards: VCP Awards are designed to reward the NEOs for achieving fiscal year financial, risk management and business goals. No VCP Award is paid unless Fulton achieves a predetermined ROE performance threshold and a net income goal. The scorecard performance results determine overall 2021 VCP Award payouts with potential adjustment for positive or negative performance based on factors not reflected in the scorecards.

In March 2021, the HR Committee approved the scorecard performance metrics for the 2021 VCP Awards. The 2021 scorecard consisted of six subcategories that were allocated among Financial Results, Risk Management and Business Objectives categories with weightings of 65%, 20% and 15% respectively. The HR Committee retains discretion to adjust any VCP Award up or down, up to 35%, as the HR Committee may deem appropriate by applying a corporate modifier.

The HR Committee increased the 2021 payout opportunity for Messrs. Wenger and Myers. The 2021 scorecard included scores ranging from 0 to 5.

Below is the 2021 VCP Awards matrix, including threshold, target and maximum payout percentages:

2021 VCP Award Matrix			
	Payment as a % of Eligible 2021 Base Salary [1]		
NEO	VCP Threshold (50% of Target) Scorecard Result	VCP Target (100% of Target) Scorecard Result	VCP Maximum (200% of Target) Scorecard Result
E. Philip Wenger	50.0%	100%	200%
Curtis J. Myers	42.5%	85%	170%
Mark R. McCollom	35.0%	70%	140%
Angela M. Snyder	25.0%	50%	100%
Meg R. Mueller	25.0%	50%	100%

[1] For purposes of determining VCP Awards, the eligible earnings utilized is the actual base salary paid to the NEOs during 2021.

In February 2022, the HR Committee determined that the threshold VCP Award performance criteria was attained:

- The 2021 ROE threshold of 5.952% (80% of Fulton's 2021 budgeted ROE of 7.440%) had been achieved as Fulton had an actual 2021 ROE of 10.64 %; and
- The 2021 positive net income goal had been achieved as Fulton had 2021 actual positive net income in excess of $265.2 million.

The HR Committee reviewed the NEOs' overall 2021 performance and scorecard results and determined that the NEOs qualified for a VCP Award.

The following is a summary of the 2021 NEO scorecard results:

Final 2021 NEO Scorecard									
Performance Categories	Performance Sub-categories [1]								
	Score Rating	0	1	2 Threshold	3 Target	4	5 Max	Weight	Weighted Score
Financial Results	• EPS	< = $0.981	$1.039	$1.096	$1.154	$1.212	= > $1.269	30%	1.50
	• ROE	< = 6.324%	6.696%	7.068%	7.440%	7.812%	= >8.184%	20%	1.00
	• Operating Expense/ Average Assets	= > 2.364%	2.309%	2.254%	2.199%	2.144%	< = 2.089%	15%	0.35
Risk Management								Weight	Weighted Score
	• Capital, Liquidity, Management, and Market Risk							10%	0.50
	• Asset Quality: Non-performing Assets to Total Assets							10%	0.50
Business Objectives								Weight	Weighted Score
	• Employee Engagement Index							15%	0.46
								Total Score	4.32

[1] Where scorecard results fall in between the scores for threshold, target and maximum award levels, the VCP Award is interpolated on a straight-line basis.

The final 2021 scorecard result for all the NEOs yielded a 166% VCP Award payout.

Below is the NEOs' 2021 VCP Award target, final scorecard payout, the actual VCP Award paid for 2021 and the VCP Award as a percentage of eligible base salary:

NEO	Eligible 2021 Salary	VCP Award Target for 2021	VCP Award Paid for 2021[1]	VCP Award as a % of eligible salary
E. Philip Wenger	$1,048,822	$1,048,822	1,741,045	166%
Curtis J. Myers	$571,788	$486,020	806,793	141%
Mark R. McCollom	$444,002	$310,802	515,931	116%
Angela M. Snyder	402,214	$201,107	333,838	83%
Meg R. Mueller	402,214	$201,107	333,838	83%

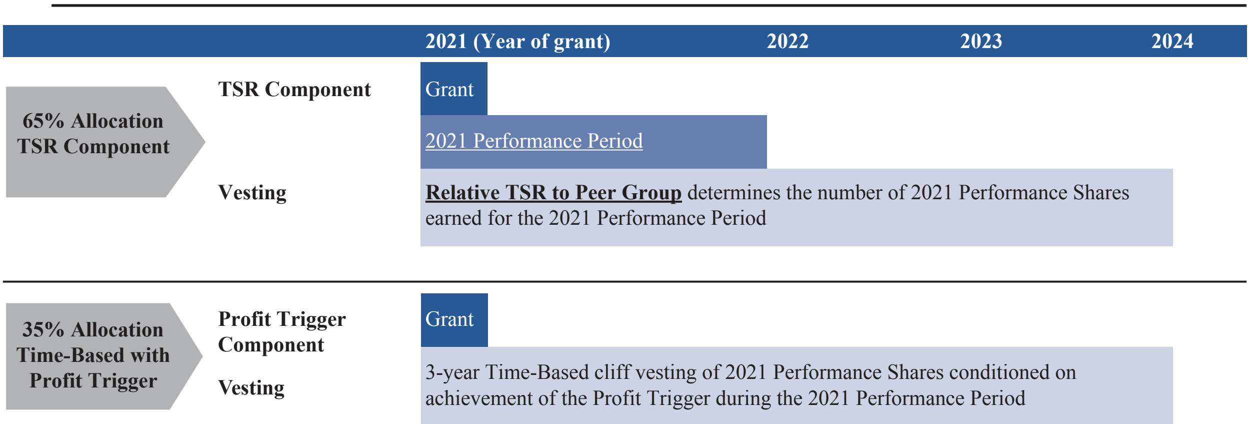
[1] Scorecard Payout Calculation was 166% of target based on a final scorecard result of 4.32.

Equity Awards: The number of 2021 Performance Shares awarded to each of the NEOs was based on a target dollar amount that may be varied by the HR Committee from 0% to 125% of the target for each NEO. For 2021, the award opportunity was 125% of base salary for Mr. Wenger, 100% of base salary for Messrs. Myers and McCollom and 75% of base salary for the other NEOs.

The 2021 Performance Shares were granted to the NEOs on May 1, 2021. The actual number of shares of Fulton common stock, if any, that the NEOs may receive upon vesting of the 2021 Performance Shares at the end of the 2021 Performance Period may be higher or lower than the number of Performance Shares granted to the NEOs. Prior awards included a return on average assets ("**ROA**") component, but since the ROA component was only a 1-year performance metric, the HR Committee restructured the metrics for the 2021 Performance Period, by dividing the 2021 Performance Shares into two components, as detailed below.

The 2021 performance goals and potential payouts for the 65% weighted TSR component are a percentage of target and paid at 25% of target for a 25th percentile TSR result, 100% of target for a 50th percentile TSR result, and at 150% of target for a 75th percentile TSR result during the 2021 Performance Period. The number of shares that may be received upon vesting of the 35% weighted Profit Trigger component will not vary and is subject to the Profit Trigger requirement. The two 2021 Performance Share components are summarized below:

2021 Equity Award Structure



Performance Shares that vest, together with dividend equivalents accrued during the 2021 Performance Period, are settled in shares of Fulton common stock on a one-for-one basis and the satisfaction of vesting criteria under the 2013 Plan. The dividend equivalents will not be paid unless the awards vest. Unless waived by the HR Committee, if the NEO does not satisfy the continuous service requirement at the end of the 2021 Performance Period, then the 2021 Performance Shares awarded are forfeited.

The grant date fair value of the 2021 Performance Shares for the NEOs, the total number of 2021 Performance Shares at target performance, and the allocation of the 2021 Performance Shares are set forth below:

NEO	2021 Grant Date Fair Value of Performance Shares[1]	2021 Total Performance Shares Awarded[2]	TSR Component Shares Awarded	Profit Trigger Component Shares Awarded
E. Philip Wenger	$1,305,528	76,893	49,981	26,912
Curtis J. Myers	$558,644	32,903	21,387	11,516
Mark R. McCollom	$433,784	25,549	16,607	8,942
Angela M. Snyder	$294,713	17,358	11,283	6,075
Meg R. Mueller	$294,713	17,358	11,283	6,075

[1] Based on the May 1, 2021 grant date fair value of 2021 Performance Shares. See footnote 4 to the Summary Compensation Table on Page 37 for additional information regarding the grant date fair value of the Performance Shares.

[2] Shares listed do not include accrued dividend equivalents.

2018 Equity Award Structure: Fulton granted performance share awards to the NEOs on May 1, 2018 (the "**2018 Performance Share Award**") and the 2018 Performance Share Award vested on May 1, 2021 (the "**2018 Performance Period**"). The performance metric targets and results are as follows:

2018 Performance Period Metrics	Weighting	Performance Period Targets	Actual Results	% of Payment
3-year TSR	37.5%	TSR Relative to 2018 Peer Group	31.58 Percentile	26.32%
1-year ROA	37.5%	ROA Goal of 1.086%	1.033%	81.44%
Profit Trigger	25.0%	Subject to profit requirement	100.00%	100.00%

The amounts below include accrued dividend equivalent units. The number of shares and value of the original award and May 1, 2021 vesting values are as follows:

NEO	Total Number of 2018 Performance Shares Awarded	Grant Date Fair Value of 2018 Performance Shares Awarded	Total Number of 2018 Performance Shares upon Vesting	Total Value of 2018 Performance Shares upon Vesting[1]
E. Philip Wenger	73,187	$1,134,491	53,762	$916,644
Curtis J. Myers	29,912	$463,373	21,973	$374,637
Mark R. McCollom	24,926	$386,381	18,308	$312,156
Angela M. Snyder	16,935	$262,512	12,438	$212,074
Meg R. Mueller	16,935	$262,512	12,438	$212,074

[1] Vesting shares valued at $17.05 per share on the May 1, 2021 vesting date.

Employment Agreements

Fulton has a policy that, in general, provides for severance benefits to be paid upon a reduction in force or position elimination for certain employees. These severance arrangements are intended to provide the employees with a sense of security in making the commitment to dedicate their professional careers to the success of Fulton. With respect to the NEOs and certain other employees, the severance benefits provided reflect the fact that it may be difficult for them to find comparable employment within a reasonable period of time. The levels of these benefits for the NEOs in the event of a change in control of Fulton are discussed in footnote 6 in the "Potential Payments Upon Termination and Golden Parachute Compensation Table" on Page 42 under "Termination Without Cause or for Good Reason – Upon or After a Change in Control".

Fulton has entered into employment agreements with certain of its key employees, including each of the NEOs. Mr. Wenger entered into an employment agreement with Fulton on June 1, 2006, as amended on November 12, 2008. Fulton entered into separate employment agreements and change in control agreements with the other NEOs, all effective as of January 1, 2018. The employment agreements and change in control agreements with the other NEOs (individually, an "**Employment Agreement**," and collectively, the "**Employment Agreements**") continue until terminated, and the Employment Agreements provide for the following with respect to the NEOs: (i) the receipt of base salary; (ii) the participation in Fulton's incentive bonus programs and (iii) the participation in Fulton's retirement plans, welfare benefit plans and other benefit programs.

The Employment Agreements contain restrictions on the sharing of confidential information as well as non-competition and non-solicitation covenants that continue for one year following termination of employment. The non-competition and non-solicitation covenants will not apply if the NEO terminates employment for good reason or if the NEO's employment is terminated without cause as detailed below. The Employment Agreements do not contain an excise tax gross-up for taxes applicable to termination payments as a result of an NEO's termination, except that the Employment Agreement executed with Mr. Wenger, provides for an excise tax gross up. The Employment Agreements with the other NEOs provide that, in the event a payment is required to be made in connection with their termination of employment resulting in the imposition of an excise tax under Section 4999 of the Internal Revenue Code, as amended (the "**Tax Code**"), such payment would be retroactively reduced, if necessary, to the extent required to avoid such excise tax imposition and, if any portion of the amount payable the NEO is determined to be non-deductible pursuant to the regulations promulgated under Section 280G of the Tax Code ("**Section 280G**"), Fulton is required to pay to the NEO only the amount determined to be deductible under Section 280G.

Compensation Plan Risk Review

At its January 2022 meeting, the HR Committee conducted its annual risk assessment of all Fulton incentive compensation plans. At this meeting, the HR Committee received a summary of the incentive risk assessment report prepared by Willis Towers Watson and concluded Fulton's incentive compensation design and plans do not appear to promote undue risk-taking. The HR Committee reviewed and considered the annual risk assessment conclusions and determined that Fulton's compensation policies and practices do not create risks that will have a material adverse effect on Fulton.

Other Compensation Elements

Employee Stock Purchase Plan: The ESPP is designed to advance the interests of Fulton and its shareholders by encouraging Fulton employees to acquire a stake in the future of Fulton by purchasing shares of Fulton common stock. Fulton limits payroll deduction and annual employee participation in the ESPP to $15,000. The NEOs participating in the ESPP are eligible to purchase shares through the ESPP at a discount, currently 15%, on the same basis as other Fulton employees participating in the ESPP.

Defined Contribution Plan – 401(k) Plan: Fulton provides a 401(k) Plan to the NEOs and other employees that provides for employer matching contributions equal to 100% of each dollar a participant elects to contribute to the 401(k) Plan, up to 5% of eligible compensation.

Deferred Compensation Plan: Fulton's nonqualified Deferred Compensation Plan (the "**DCP**") permits non-employee directors and non-employee advisory board members to elect to defer receipt of cash director fees. The DCP also enables Fulton to credit certain senior officers, including the NEOs, with full employer matching contributions each year equal to the contributions they would have otherwise been eligible to receive under the 401(k) Plan, notwithstanding the contribution limits imposed by the Tax Code. 2021 NEO deferred compensation contributions are detailed in footnote 6 of the "Summary Compensation Table" on Page 37.

Death Benefits: Each of the NEOs are eligible for a payment from Fulton equal to two times base salary (plus an amount equal to applicable individual income taxes due on such amounts) pursuant to individual Death Benefit Agreements between Fulton and each NEO in the event an NEO dies while actively employed by Fulton. Upon the NEO's retirement, the post-retirement benefit payable is reduced to $5,000 for each of Messrs. Wenger and Myers and Ms. Snyder. The other NEOs are not eligible for any post-retirement death benefit.

Health, Dental and Vision Benefits: Fulton offers a comprehensive benefits package for health, dental and vision insurance coverage to all full-time employees, including the NEOs and their eligible spouses and children. Fulton pays a portion of the premiums for the coverages selected, and the amount paid varies with each health, dental and vision plan.

Other NEO Benefits: Fulton provides the NEOs with a variety of other perquisites and other personal benefits that the HR Committee believes are necessary to facilitate Fulton's business operations, including company-owned automobiles or a car allowance, club memberships and other executive benefits. These benefits enable Fulton to attract and retain talented senior officers for key positions. The 2021 amounts are included in the "All Other Income" column of the "Summary Compensation Table" on Page 37 of this Proxy Statement.

Stock Hedging and Pledging Policy and Stock Trading Procedures: Fulton has an Insider Trading Policy (the "**ITP**") that requires all directors, officers, and employees of Fulton and its affiliates to adhere to certain rules when trading in Fulton securities. Among other requirements, directors, officers and employees of Fulton and its subsidiaries that know of Fulton material, non-public information may not: (i) buy or sell Fulton securities while the information remains non-public or (ii) disclose the information to relatives, friends or any other person. In addition, the NEOs and directors of Fulton and Fulton's banking subsidiaries and certain other officers are prohibited from engaging in hedging and other speculative transactions involving Fulton's securities. This prohibition encompasses "short sales," "puts," and other similar trading. Fulton's ITP also prohibits the pledging of Fulton securities.

Stock Ownership Guidelines: Fulton's Governance Guidelines require that each director own at least $300,000 of eligible Fulton common stock within the later of: (i) five calendar years of first becoming a director or (ii) five calendar years after the adoption of the revised Governance Guideline. Similar stock ownership guidelines exist for the NEOs. Ownership guideline amounts are calculated as a multiple of the NEO's annual base salary as follows:

NEO Position	CEO	President	CFO	Other NEOs
Fulton Common Stock Ownership Guideline as a Multiple of Annual Base Salary	3.0	1.5	1.5	1.0

Compliance with the Governance Guidelines is determined annually. Ownership excludes stock options and other unvested restricted stock or Performance Share awards, but includes all other shares beneficially owned and reported on an individual's Form 3, Form 4 or Form 5 filed with the SEC, including shares owned individually, deferred vested stock unit awards, shares held in retirement accounts, indirect ownership and jointly held shares of Fulton common stock. As of December 31, 2021, except for Mr. McCollom and Ms. Snyder, all of the NEOs satisfied the stock ownership guidelines. As of December 31, 2021, except for Ms. Craighead Carey and Messrs. Martin and Snyder, all of Fulton's current non-employee directors satisfied the stock ownership guidelines.

Management Succession: Management succession is discussed and reviewed annually at Fulton. At the December 2021 meeting of the Board, during an executive session of the Board of Directors, senior officers in Fulton's Human Resources Department discussed and reviewed the succession planning processes used by management to identify successors for each of the NEOs.

Clawback Policies: Fulton's Compensation Recovery Clawback Policy (the "**Clawback Policy**") contains clawback provisions for all participants, including the NEOs, with respect to VCP Awards and Performance Shares and, subject to limited exceptions, other incentive compensation plans. The Clawback Policy identifies the events that may give rise to a clawback, including: (i) a restatement of Fulton or any affiliate's financial statements (other than a restatement caused by a change in applicable accounting rules or interpretations); (ii) the discovery that a performance metric or calculation used in determining performance-based compensation was materially inaccurate; (iii) a violation of Fulton's Code of Conduct, the result of which creates a significant financial or reputational impact for Fulton and (iv) violation by a departing or departed employee of a non-competition and non-solicitation restriction set forth in Fulton's employment policies or an employee's employment agreement.

HR Committee Report

The HR Committee reviewed and discussed with management the foregoing Compensation Discussion and Analysis and, based on the review and discussions, the HR Committee recommended to the Board that the Compensation Discussion and Analysis be incorporated in Fulton's Annual Report and this Proxy Statement.

HR Committee

Mark F. Strauss, Chair
Denise L. Devine, Vice Chair
Lisa Crutchfield
Steven S. Etter
George W. Hodges
James R. Moxley, III
Ronald H. Spair

SUMMARY COMPENSATION TABLE

Name and Principal Position [1]	Year	Salary [3] ($)	Bonus ($)	Stock Awards [4] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation [5] ($)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)	All Other Compensation [6] ($)	Total ($)
E. Philip Wenger Chairman and Chief Executive Officer of Fulton	2021	1,048,822	0	1,305,528	0	1,741,045	0	112,499	4,207,894
	2020	1,048,822	0	1,292,385	0	630,735	0	112,553	3,084,495
	2019	1,042,919	0	1,274,798	0	627,185	0	98,654	3,043,556
Curtis J. Myers President and Chief Operating Officer of Fulton	2021	571,788	0	558,644	0	806,793	0	67,705	2,004,930
	2020	561,000	0	555,828	0	277,835	0	68,725	1,463,388
	2019	549,231	0	508,305	0	272,006	0	61,013	1,390,555
Mark R. McCollom Senior Executive Vice President and Chief Financial Officer of Fulton	2021	444,002	0	433,784	0	515,931	0	66,112	1,459,829
	2020	435,625	0	431,603	0	215,743	0	65,419	1,148,390
	2019	433,173	0	423,585	0	214,529	0	39,710	1,110,997
Angela M. Snyder Senior Executive Vice President and Head of Consumer Banking[2]	2021	402,214	0	294,713	0	333,838	0	33,940	1,064,705
	2020	394,625	0	295,703	0	139,599	0	35,183	865,110
	2019	392,404	0	287,788	0	138,813	0	44,495	863,500
Meg R. Mueller Senior Executive Vice President and Head of Commercial Business	2021	402,214	0	294,713	0	333,838	0	21,589	1,052,354
	2020	394,625	0	295,703	0	139,599	0	12,193	842,120
	2019	392,404	0	287,788	0	138,813	0	11,510	830,515

[1] Titles and positions listed are as of December 31, 2021.

[2] Ms. Snyder was promoted to Senior Executive Vice President and Chief Banking Officer effective January 1, 2022.

[3] This column represents the base salary amounts paid to and earned by each of the NEOs named in this table for the years indicated. On February 9, 2022, the HR Committee set the 2022 annual base salaries, effective for the April 1, 2022 pay period for Messrs. Wenger, Myers and McCollom, Ms. Snyder and Ms. Mueller of $1,080,287, $661,279, $459,911, $463,500 and $416,625, respectively.

[4] Amounts represent the grant date fair values of Performance Shares. There were no forfeitures of Performance Shares during 2021, 2020 and 2019. The following is a summary of the grant date fair values of the Performance Shares granted to the NEOs in 2021, 2020 and 2019.

Name	Grant Date	Performance Share Grant Date Fair Value Assuming Highest Performance Level Achieved ($)	Number of Performance Shares Granted to NEO (#)	Per Share Grant Date Fair Value With Non-Market Conditions ($)	Per Share Grant Date Fair Value With Market Conditions ($)	Weighted Average Per Share Grant Date Fair Value ($)
E. Philip Wenger	5/1/2021	1,728,867	76,893	17.05	16.94	16.98
	5/1/2020	1,761,599	119,610	11.18	10.16	10.81
	5/1/2019	1,758,687	75,327	16.98	16.83	16.92
Curtis J. Myers	5/1/2021	739,791	32,903	17.05	16.94	16.98
	5/1/2020	756,605	51,433	11.18	10.16	10.81
	5/1/2019	701,240	30,035	16.98	16.83	16.92
Mark R. McCollom	5/1/2021	574,445	25,549	17.05	16.94	16.98
	5/1/2020	587,513	39,938	11.18	10.16	10.81
	5/1/2019	584,367	25,029	16.98	16.83	16.92
Angela M. Snyder	5/1/2021	390,280	17,358	17.05	16.94	16.98
	5/1/2020	401,624	27,355	11.18	10.16	10.81
	5/1/2019	397,026	17,005	16.98	16.83	16.92
Meg R. Mueller	5/1/2021	390,280	17,358	17.05	16.94	16.98
	5/1/2020	401,624	27,355	11.18	10.16	10.81
	5/1/2019	397,026	17,005	16.98	16.83	16.92

The per share grant date fair value for the Profit Trigger Performance Shares is the closing price of Fulton common stock on the date the shares are granted. The per share grant date fair value for TSR Performance Shares is estimated based on a Monte Carlo valuation methodology.

[5] The amounts reported in this column are VCP Awards detailed under "VCP Awards" beginning on Page 31.

[6] All other compensation includes: (i) qualified retirement plan company contribution to the 401(k) Plan; (ii) nonqualified deferred compensation plan company contribution to the DCP; (iii) company paid club memberships; (iv) automobile perquisites and (v) other benefits that individually are less than the greater of $25,000, or 10% of all perquisites.

Name	**Year**	**Qualified Retirement Plan Company Contribution** ($)	**Nonqualified Deferred Compensation Plan Company Contribution** ($)	**Club Memberships** ($)	**Automobile Perquisites** ($)	**Other Compensation and Perquisites** ($)	**Total All Other Compensation** ($)
E. Philip Wenger	2021	14,500	69,478	18,964	7,513	2,044	112,499
	2020	14,250	69,550	18,907	7,716	2,130	112,553
	2019	14,000	66,448	12,070	3,546	2,590	98,654
Curtis J. Myers	2021	14,500	27,981	18,370	4,990	1,864	67,705
	2020	14,250	27,400	18,859	7,316	900	68,725
	2019	14,000	25,451	11,071	3,313	7,178	61,013
Mark R. McCollom	2021	14,500	18,487	13,600	18,000	1,525	66,112
	2020	14,250	18,258	14,011	18,000	900	65,419
	2019	14,000	0	6,810	18,000	900	39,710
Angela M. Snyder	2021	14,500	12,590	3,859	2,091	900	33,940
	2020	14,250	12,422	4,917	2,694	900	35,183
	2019	13,982	12,226	8,589	1,965	7,733	44,495
Meg R. Mueller	2021	3,889	0	6,512	11,188	0	21,589
	2020	0	0	4,524	7,669	0	12,193
	2019	0	0	4,404	5,258	1,848	11,510

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future or Possible Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future or Possible Payouts Under Equity Incentive Plan Awards [2]			Closing Price on Grant Date ($/Sh)	Grant Date Fair Value of Stock and Option Awards [3] ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)		
E. Philip Wenger	5/1/2021	-	-	-	24,990	76,893	101,883	17.05	1,305,528
E. Philip Wenger	-	524,411	1,048,822	2,097,644	-	-	-	-	-
Curtis J. Myers	5/1/2021	-	-	-	10,694	32,903	43,596	17.05	558,644
Curtis J. Myers	-	243,010	486,020	972,040	-	-	-	-	-
Mark R. McCollom	5/1/2021	-	-	-	8,304	25,549	33,853	17.05	433,784
Mark R. McCollom	-	155,401	310,802	621,603	-	-	-	-	-
Angela M. Snyder	5/1/2021	-	-	-	5,642	17,358	23,000	17.05	294,713
Angela M. Snyder	-	100,553	201,107	402,214	-	-	-	-	-
Meg R. Mueller	5/1/2021	-	-	-	5,642	17,358	23,000	17.05	294,713
Meg R. Mueller	-	100,553	201,107	402,214	-	-	-	-	-

[1] VCP Award amounts are calculated based on 2021 base salary paid.

[2] Represents the number of Performance Shares granted to the NEOs on May 1, 2021 based on Fulton's closing price of $17.05. Performance Shares are earned and vested based on the actual performance level achieved with respect to the following performance measures: (i) TSR component and (ii) Profit Trigger component, in each case, for the 2021 Performance Period. With respect to the TSR component the actual number of 2021 Performance Shares earned and vested will be interpolated on a straight-line basis.

[3] See footnote 4 to the Summary Compensation Table on Page 37 for additional information regarding the grant date fair value of the Performance Shares. The grant date fair value of each equity award is computed in accordance with FASB ASC Topic 718.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]
E. Philip Wenger [2]	-	-	-	-	-	70,583	1,199,910
E. Philip Wenger [3]	-	-	-	-	-	131,956	2,243,247
E. Philip Wenger [4]	-	-	-	-	-	104,182	1,771,087
Curtis J. Myers	11,263	0	0	10.475	3/31/2022	-	-
Curtis J. Myers	10,877	0	0	11.580	3/31/2023	-	-
Curtis J. Myers [2]	-	-	-	-	-	28,144	478,445
Curtis J. Myers [3]	-	-	-	-	-	56,733	964,467
Curtis J. Myers [4]	-	-	-	-	-	44,580	757,858
Mark R. McCollom [2]	-	-	-	-	-	23,452	398,685
Mark R. McCollom [3]	-	-	-	-	-	44,054	748,910
Mark R. McCollom [4]	-	-	-	-	-	34,616	588,473
Angela M. Snyder [2]	-	-	-	-	-	15,934	270,879
Angela M. Snyder [3]	-	-	-	-	-	30,166	512,826
Angela M. Snyder [4]	-	-	-	-	-	23,518	399,811
Meg R. Mueller	11,400	0	0	10.475	03/31/2022	-	-
Meg R. Mueller	11,554	0	0	11.580	03/31/2023	-	-
Meg R. Mueller [2]	-	-	-	-	-	15,934	270,879
Meg R. Mueller [3]	-	-	-	-	-	30,166	512,826
Meg R. Mueller [4]	-	-	-	-	-	23,518	399,811

[1] Market value of Performance Shares shown is based on the Fulton closing price of $17.00 on December 31, 2021. The number of Performance Shares includes dividend equivalents through December 31, 2021. As of December 31, 2021, the relative TSR performance that determined the number of Performance Shares allocated to the TSR component of the 2019 and 2020 awards was below the target performance levels and amounts are shown at target. As of December 31, 2021, the 2021 award was at target performance and amounts are shown at maximum relative TSR performance.

[2] Performance Shares granted on May 1, 2019. If the performance criteria are achieved, then these Performance Shares will vest on May 1, 2022.

[3] Performance Shares granted on May 1, 2020. If the performance criteria are achieved, then these Performance Shares will vest on May 1, 2023.

[4] Performance Shares granted on May 1, 2021. If the performance criteria are achieved, then these Performance Shares will vest on May 1, 2024.

OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting [2] ($)
E. Philip Wenger	0	0	53,762	916,644
Curtis J. Myers [1]	12,375	68,186	21,973	374,637
Mark R. McCollom	0	0	18,308	312,156
Angela M. Snyder	0	0	12,438	212,074
Meg R. Mueller	11,250	76,514	12,438	212,074

[1] Mr. Myers exercised options granted in 2011 by paying cash for the full amount of the exercise price.

[2] Vesting shares valued at $17.05 per share on the May 1, 2021 vesting date.

NONQUALIFIED DEFERRED COMPENSATION

Name	NEO Contributions in Last FY ($)	Registrant Contributions in Last FY [1] ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE [2] ($)
E. Philip Wenger	$143,752	69,478	$397,727	0	$3,832,446
Curtis J. Myers	$ 72,016	27,981	$ 75,771	0	$ 877,823
Mark R. McCollom	$ 17,174	18,487	$ 6,959	0	$ 90,005
Angela M. Snyder	$ 76,913	12,591	$114,048	0	$ 983,516
Meg R. Mueller	0	0	$ 1	0	$ 2,714

[1] Amounts listed as Registrant Contributions to the DCP are also included as part of the NEOs' "Total All Other Compensation" in the Summary Compensation Table on Page 37.

[2] Balances include the 2021 DCP contributions made by Fulton and credited to the NEOs' accounts. The aggregate balances as of the 2021 fiscal year end include the following amounts that were previously reported in the Summary Compensation Table for prior fiscal years for Messrs. Wenger, Myers and McCollom, Ms. Snyder and Ms. Mueller of $774,036, $115,716, $18,258, $36,599 and $0, respectively.

POTENTIAL PAYMENTS UPON TERMINATION AND GOLDEN PARACHUTE COMPENSATION TABLE

Potential Payments as of December 31, 2021 [1]

NEO	Voluntary Termination [2] or Termination for Cause [3]	Termination Without Cause or for Good Reason – Before a Change in Control [4 5]	Termination Without Cause or for Good Reason – Upon or After a Change in Control [6 7 8]	Termination Due to Retirement [9]	Termination Due to Disability [10 11]	Termination Due to Death [12 13]
E. Philip Wenger						
Cash ($)	0	1,048,822	5,579,734	0	1,153,704	2,097,644
Equity ($)	0	0	4,779,822	0	4,779,822	4,779,822
Pension/NQDC($)	0	0	278,987	0	0	0
Perquisites and Benefits($)	0	12,000	74,000	0	18,000	0
Tax Reimbursement($)	0	0	0	0	0	1,342,798
TOTAL ($)	0	1,060,822	10,712,543	0	5,951,526	8,220,264
Curtis J. Myers						
Cash ($)	0	1,381,818	2,225,257	0	632,528	1,150,050
Equity ($)	132,444	132,444	2,147,324	132,444	2,147,324	2,147,324
Pension/NQDC($)	0	0	138,182	0	0	0
Perquisites and Benefits($)	0	12,000	34,000	0	18,000	0
Tax Reimbursement($)	0	0	0	0	0	736,200
TOTAL ($)	132,444	1,526,262	4,544,762	132,444	2,797,852	4,033,574
Mark R. McCollom						
Cash ($)	0	962,447	1,556,144	0	491,168	893,032
Equity ($)	0	0	1,591,725	1,591,725	1,591,725	1,591,725
Pension/NQDC($)	0	0	96,245	0	0	0
Perquisites and Benefits($)	0	12,000	34,000	0	18,000	0
Tax Reimbursement($)	0	0	0	0	0	571,671
TOTAL ($)	0	974,447	3,278,114	1,591,725	2,100,893	3,056,428
Angela M. Snyder						
Cash ($)	0	738,329	1,244,720	0	444,940	808,982
Equity ($)	0	0	1,085,447	0	1,085,447	1,085,447
Pension/NQDC($)	0	0	73,833	0	0	0
Perquisites and Benefits($)	0	12,000	34,000	0	18,000	0
Tax Reimbursement($)	0	0	0	0	0	517,866
TOTAL ($)	0	750,329	2,438,000	0	1,548,388	2,412,295
Meg R. Mueller						
Cash ($)	0	738,329	1,476,658	0	444,940	808,982
Equity ($)	0	0	1,222,455	0	1,222,455	1,222,455
Pension/NQDC($)	0	0	73,833	0	0	0
Perquisites and Benefits($)	0	12,000	34,000	0	18,000	0
Tax Reimbursement($)	0	0	0	0	0	517,866
TOTAL ($)	0	750,329	2,806,946	0	1,685,395	2,549,303

[1] All amounts listed under Equity in this table are the value of the NEOs': (i) Performance Shares and (ii) and vested and "in the money" stock options valued based on the closing price of Fulton's common stock of $17.00 on December 31, 2021.

[2] **Voluntary Termination:** In the event an NEO's employment is voluntarily terminated by the NEO other than for "Good Reason," Fulton's obligations are limited to the payment of the NEO's base salary, together with any applicable expense reimbursements and all accrued and unpaid benefits and vested benefits in accordance with the applicable employee benefit plans. No other payments are required and any unexercised stock options and Performance Shares are immediately forfeited by the NEO. The amount listed under Equity is the value of the NEO's vested and "in the money" stock options.

[3] **Termination for Cause:** If an NEO's employment is terminated for "Cause," Fulton is not obligated to make any further payments to the NEO, other than accrued amounts (including salary, expense reimbursement, etc.). Unexercised stock options and Performance Shares are forfeited by an NEO terminated for Cause. The value listed under Equity is the value of the NEO's vested and "in the money" stock options.

[4] **Termination Without Cause or for Good Reason – Before a Change in Control:** If an NEO terminates his or her employment for "Good Reason" or the NEO's employment is terminated by Fulton "Without Cause," the NEO is entitled to receive the NEO's base salary for a period of one year and a cash bonus for the fiscal year in which the termination date occurs at the target payout level, pro-rated to the date of termination, except that for Mr. Wenger, both the payment and the amount of the cash bonus shall be at the discretion of the HR Committee and the Board. The NEO also would continue to participate in employee health and other benefit plans for which the NEO is eligible during this one year period. If the NEO is not eligible to continue to participate in any employee benefit plan, the NEO will be compensated on an annual basis in an amount equal to the cost Fulton would have incurred had the NEO been eligible to participate in the plan plus any permitted gross-up for any applicable taxes. Unexercised stock options are forfeited by an NEO terminated Without Cause or for Good Reason. "Good Reason" is defined as: (i) a breach by Fulton of its material obligations without remedy; (ii) a significant change in the NEO's authority, duties, compensation or benefits or (iii) a relocation of the NEO outside a specified distance from where the NEO previously was based. "Without Cause" is defined as any reason other than for Cause.

[5] Cash amount listed for each NEO includes a severance payment based on the NEO's 2021 base salary. The amounts listed under Cash assume no discretionary bonus was paid to Mr. Wenger, but the payments to the other NEOs assume the payment of their VCP Awards for the prior year. Equity amounts include the value of unexercised stock options. Perquisites/Benefits include a monthly estimate of $1,000 for the value of health and other benefit expenses paid by Fulton for the one-year severance period for each NEO.

[6] **Termination Without Cause or for Good Reason – Upon or After a Change in Control:** A "Change in Control" with respect to Mr. Wenger is defined as: (i) the acquisition of the beneficial ownership of more than 50% of the total fair market value or voting power of the stock of Fulton by any one person or group of persons acting in concert; (ii) a change in the composition of the Board during any period of 12 consecutive months such that a majority of the Board is replaced by directors whose appointment or election was not endorsed by a majority of the Board before such appointment or election or (iii) the acquisition by any person or group of persons acting in concert during any 12 month period of 30% or more of the total voting power of the stock of Fulton, or of 40% or more of the total assets (on a gross fair market value basis) of Fulton.

With respect to the other NEOs, a Change in Control is defined in the Employment Agreements as: (i) during any period of not more than 36 months, the individuals that constituted Fulton's Board at the beginning of such period, with certain exceptions, cease to constitute at least a majority of Fulton's Board; (ii) beneficial ownership of more than 30% of the outstanding voting power of the stock of Fulton is acquired by any person, with certain exceptions; (iii) a merger or consolidation involving Fulton is consummated, unless at least 50% of the voting power of the resulting entity is represented by Fulton voting securities outstanding prior to such merger or consolidation, no person beneficially has the power to vote 30% or more of the voting power of the resulting entity, and at least a majority of the members of the board of directors of the resulting entity were members of Fulton's Board prior to the execution of the agreement which effectuated such merger or consolidation; (iv) the sale of all or substantially all of the assets of Fulton is consummated or (v) Fulton's shareholders approve a plan of liquidation or dissolution.

If, during the period beginning 90 days before a Change in Control and ending two years after such Change in Control, an NEO is terminated by Fulton Without Cause or an NEO resigns for Good Reason, Fulton is required to pay the NEO two times the sum of the NEO's: (i) annual base salary immediately before the Change in Control and (ii) the highest annual cash bonus or other incentive compensation awarded to the NEO over the prior three years. The NEO is also entitled to receive: (i) an amount equal to that portion of Fulton's retirement plan, 401(k) plan or deferred compensation plan contributions for the NEO which were not vested, plus the amount of any federal, state or local income taxes due on such amount; (ii) an amount equal to two years of Fulton retirement plan contributions to each tax qualified or nonqualified retirement plan in which the NEO was a participant immediately prior to the NEO's termination or resignation; (iii) payment of up to $10,000 for outplacement services and (iv) continuation of other employee welfare benefits for a period of two years. With respect to Mr. Wenger, if he would not be eligible to continue to participate in any employee welfare benefit plan, he would be compensated on an annual basis, in advance, for such plan in an amount equal to the cost Fulton would have incurred had he been eligible to participate in such plan plus any permitted gross-up for any taxes applicable thereto. In addition, for a period of two years after the Change in Control, Mr. Wenger would be entitled to receive continuation of other executive perquisites, such as club memberships and an employer-provided automobile. The other NEOs are not entitled to receive continuation of other executive perquisites, but, the other NEOs have the ability to purchase, at book value, any employer-provided automobile used by the NEO at the time of their termination.

Mr. Wenger's Employment Agreement provides that, in the event any payment or distribution by Fulton to or for the benefit of Mr. Wenger is subject to excise tax, Mr. Wenger is entitled to receive an additional payment equal to the total excise tax imposed. The agreements with the other NEOs do not contain a "gross-up provision." Instead, each of other NEOs total payments are reduced to the extent required to avoid a federal excise tax imposed under Section 280G of the Tax Code.

With respect to Performance Shares, in the event of a Change in Control, all incomplete performance periods with respect of such Performance Shares in effect on the date the Change in Control occurs shall end on the date of such Change in Control, and the HR Committee shall: (i) determine the extent to which performance goals with respect to each such performance period have been met based upon such audited or unaudited financial information and (ii) cause such portion or all of the Performance Shares to vest with respect to performance goals for each such performance period based upon the HR Committee's determination of the degree of attainment of performance goals or, if not determinable, the values assume the applicable target levels of performance have been attained.

[7] Cash amounts listed are two times 2021 base salary as of year-end and the highest VCP Awards paid for the last three years for each NEO. Except for Messrs. Myers and McCollom, and Ms. Snyder, no cash payments have been reduced in the table to limit a payment pursuant to the terms of the NEO's Employment Agreement, which represents the reduction required to avoid a federal excise tax imposition pursuant to the regulations promulgated under Section 280G of the Tax Code.

Equity amount is the value of all "in the money" stock options, unvested time-based stock unit awards and unvested Performance Shares that would vest as described in the last paragraph of footnote 6 above as of December 31, 2021. Perquisites and benefits include: (i) $10,000 for outplacement services; (ii) $1,000 per month during the severance period for the estimated value of health and other benefit expenses paid by Fulton attributed to each NEO and (iii) with respect to Mr. Wenger, during his severance period, an additional $20,000 per year for club memberships, vehicle and other expenses paid by Fulton.

[8] Amount listed under Pension/NQDC represents the aggregate dollar value of Fulton's contributions to the 401(k) Plan, the DCP and other retirement benefits.

[9] **Termination Due to Retirement:** In the event an NEO terminates his employment due to retirement, Fulton is obligated to pay the NEO's base salary through the effective date of the NEO's retirement, together with any applicable expense reimbursements and all accrued and unpaid benefits and vested benefits in accordance with the applicable employee benefit plans. Performance Shares awarded in 2019 and 2020 do not automatically vest upon retirement and continuous service is required, but, subject to review and approval by the HR Committee, performance continues to be measured and the shares may vest based on the original vesting schedule according to the performance level actually achieved. Performance shares awarded in 2021 provide that the continuous service requirement is waived if an NEO is retirement eligible, performance continues to be measured and the shares may vest based on the original vesting schedule according to the performance level actually achieved. Assuming that all the NEOs achieved the earlier of (i) age 60 with at least 10 years of service to Fulton or any affiliate or (ii) age 62 with at least five years of service to Fulton or any affiliate and retired as of December 31, 2021, the NEOs have one or two years from the date of retirement, but not beyond the original option expiration date, to exercise their stock options.

[10] **Termination Due to Disability:** Following an NEO's "Disability," defined in the Employment Agreements to have the meaning set forth in Fulton's long-term disability policy applicable to the NEO, which generally is a medically determinable physical or medical impairment that is expected to result in death or to last for at least 12 months, and that either renders the NEO unable to engage in any substantial gainful activity or qualifies the NEO for benefits under a Fulton disability plan, the employment of the NEO would terminate automatically, in which event Fulton is not thereafter obligated to make any further payments under the Employment Agreement, other than amounts (including salary, expense reimbursement, etc.) accrued as of the date of such termination, plus an amount equal to at least six months' base salary as in effect immediately prior to the date of the Disability. After this six month salary continuation period, for as long as the NEO continues to be disabled, the NEO will continue to receive at least 60% of the NEO's base salary until the earlier of the NEO's death or December 31 of the calendar year in which the NEO attains age 65. To the extent it does not duplicate benefits already being provided, an NEO will also receive those benefits customarily provided by Fulton to disabled former employees, including, but not limited to, life, medical, health, accident insurance and a survivor's income benefit.

[11] Cash amount for all the NEOs is six months at full salary, then 60% of salary for an assumed period of 12 months. Perquisites include a monthly estimate of $1,000 for the value of health and other benefit expenses paid by Fulton for an assumed period of 18 months. Equity amount is the value of all the "in the money" stock options and Performance Shares that would vest as described in the last paragraph of footnote 6 above. In the event an NEO terminates employment due to disability, unvested options, Performance Shares and time-based restricted stock units automatically vest. The NEOs have one year from the date of disability, but not beyond the original option expiration date, to exercise stock options.

[12] **Termination Due to Death:** In the event of a termination of employment as a result of an NEO's death, the NEO's dependents, beneficiaries or estate, as the case may be, receive such survivor's income and other benefits as they may be entitled to under the terms of Fulton's benefit programs, including the life insurance benefit of two times base salary amount plus a tax reimbursement due as a result of the payment under the Death Benefits described on Page 35.

[13] In the event an NEO terminates employment due to death, unvested options, Performance Shares would automatically vest, and Performance Shares vesting as described in the last paragraph of footnote 6 above. The estate of the NEO has one year from the date of death to, but not beyond the original option expiration date, exercise stock options.

CEO PAY RATIO DISCLOSURE

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), and Item 402(u) of Regulation S-K, Fulton is providing the following information in connection with the ratio of the annual total compensation paid to our "median employee" and the annual total compensation of our CEO for the year ended December 31, 2021.

Pay Ratio Summary
• For 2021, the annual total compensation of our selected median employee was $60,288.
• The 2021 annual total compensation of our CEO, as reported in the Summary Compensation Table on Page 37, was $4,207,894.
• Based on this information, for 2021 we reasonably estimate that the ratio of the annual total compensation of our CEO to our median employee was 70 to 1.
• Our pay ratio estimate has been calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions summarized below.

For 2021, the median employee that was used for purposes of calculating the 2021 ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees is the same median employee that was identified for purposes of our 2020 pay ratio disclosure, and the median employee is still employed by Fulton. As of December 31, 2020, to identify the 2020 median employee from our employee population at that time, we compared the total compensation in Box 5 on the 2020 W-2 tax statements for our employee population. We identified our median employee using this consistently applied compensation measure that excluded our CEO as well as any temporary employees and employees that departed our workforce during 2020. In making this determination, we annualized the compensation of our permanent full-time employees who were hired in 2020 and did not work for Fulton for the entire fiscal year but were still employed as of December 31, 2020. There were no changes in 2021 that would significantly affect the pay ratio by using the same median employee.

For the 2021 pay ratio, using the same median employee as 2020, we combined all of the elements of such employee's compensation for 2021 consistent with the requirements of Item 402(c)(2)(x) of Regulation S-K. With respect to the annual total compensation of our CEO, the same process and amount reported in the "Total" column of our 2021 Summary Compensation Table included in this Proxy Statement on Page 37 was used.

The SEC rules for identifying the median employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

NON-BINDING SAY-ON-PAY PROPOSAL TO APPROVE THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS – PROPOSAL TWO

Pursuant to the Dodd-Frank Act, Fulton is providing its shareholders with the opportunity to vote on an advisory (non-binding) proposal at the Annual Meeting to approve the compensation of Fulton's NEOs for 2021 as described in the Compensation Discussion and Analysis and the tabular disclosures of the NEOs' compensation in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives shareholders the opportunity to endorse or not endorse Fulton's executive pay program. At Fulton's 2021 Annual Meeting, Fulton presented a similar proposal to its shareholders, and approximately 97.17% of the shareholders who cast a vote on this proposal voted in favor of, and approved, Fulton's say-on-pay proposal. The HR Committee considered the number of votes cast in favor of Fulton's prior say-on-pay proposal to be a positive endorsement of Fulton's current pay programs and practices. Fulton will continue to monitor the level of support for each say-on-pay proposal. Because the shareholder vote is not binding, the outcome of this year's vote, or any future vote, may not be construed as overruling any decision by Fulton's Board or the HR Committee regarding executive compensation. Fulton is providing shareholders with this opportunity pursuant to Section 14A of the Securities Exchange Act.

As further described in the Compensation Discussion and Analysis section of this Proxy Statement, starting on Page 26, Fulton's executive compensation philosophy and program are intended to achieve three objectives: (i) align the interests of the NEOs with shareholder interests; (ii) link the NEOs' pay to performance and (iii) attract, motivate and retain executive talent. Fulton's executive compensation program currently includes a mix of base salary, incentive bonus, and equity-based plans. Fulton believes that its compensation program, policies and procedures are reasonable and appropriate and compare favorably with the compensation programs, policies and procedures of its peers.

The Board recommends that shareholders, in a non-binding proposal, vote "FOR" the following proposal:

> **"RESOLVED, that the compensation paid to Fulton's Named Executive Officers, as disclosed in this Proxy Statement pursuant to the disclosure rules of the SEC, including the Compensation Discussion and Analysis and the Compensation Tables contained in this Proxy Statement, is hereby APPROVED."**

Recommendation of the Board

✓ **The Board of Directors recommends that the shareholders vote FOR the non-binding proposal to approve the compensation of the Named Executive Officers.**

APPROVAL OF THE 2022 AMENDED AND RESTATED EQUITY AND CASH INCENTIVE COMPENSATION PLAN – PROPOSAL THREE

The 2022 Plan is an important compensation tool designed to: (i) align the interests of key individuals with Fulton's shareholders by encouraging and creating ownership of shares of Fulton common stock; (ii) enable Fulton to be competitive among its peers and attract and retain qualified individuals who contribute to Fulton's success by their efforts, service, ability and ingenuity; (iii) provide long-term equity and cash-based rewards and incentive opportunities to key individuals who are responsible for the success of Fulton and who are in a position to make significant contributions toward its objectives and (iv) reward individual performance.

Background

The 2022 Plan will replace the existing 2013 Plan, that expires on April 29, 2023. The 2022 Plan amends and restates the 2013 Plan. Any awards made by Fulton under the 2013 Plan after March 1, 2022 will reduce the shares to be awarded under the 2022 Plan. If the 2022 Plan is approved by shareholders at the Annual Meeting, Fulton will not make any additional awards under the 2013 Plan. In the event that the 2022 Plan is not approved by shareholders at the Annual Meeting, then the 2022 Plan shall terminate and Fulton will continue to make grants under the 2013 Plan.

The 2022 Plan, among other things: (i) reduces the shares available for new awards after May 17, 2022 from 9,575,000 to 5,806,000; (ii) provides that dividends (or dividend equivalents) will (A) be withheld by Fulton, (B) will remain subject to vesting requirements to the same extent as the applicable award and (C) will only be paid at the time the vesting requirements are satisfied; (iii) allows for the recycling of shares in certain cases; (iv) clarifies that all awards shall have a minimum one year vesting and (v) expires on May 17, 2032.

As of December 31, 2021, there were 2,302,330 shares of common stock outstanding underlying outstanding stock options, stock unit and restricted stock awards under the 2013 Plan. In addition, of such date, there were 9,634,000 shares available for future awards under the 2013 Plan. Upon approval of the 2022 Plan, the shares available for awards will be reduced to 5,806,000.

As of December 31, 2021, there were 160,490,000 shares of Fulton common stock outstanding.

Fulton's equity-based compensation model, including the broad-based participation of Fulton's employees and directors, and the portion of equity compensation paid to the NEOs, results in an annual usage of plan shares, known as the "burn rate" as indicated in the chart below. Burn rate is the calculation for measuring the annual usage of shares.

		2019	2020	2021	Average
(a)	Time-vested restricted stock units granted [1]	169,459	374,255	275,011	272,908
(b)	Director restricted stock units granted [2]	51,164	77,916	50,040	59,707
(c)	Performance-based stock units granted	314,244	508,940	324,693	382,626
(d)	Performance-based stock units vested [3]	234,940	245,467	255,353	245,253
(e)	Shares underlying options granted [1]	0	0	0	0
(f)	Weighted-average basic shares outstanding	166,901,579	162,372,183	162,232,864	163,835,542
(g)	Burn rate (a)+(b)+(d)+(e)/(f) [4]	0.27%	0.43%	0.36%	0.35%

[1] Reflects the gross number of shares and shares underling awards made to employees during the respective year.

[2] Reflects the gross number of shares and shares underlying awards made to non-employees directors during the respective year from the 2019 Director Equity Plan.

[3] Reflects the number of shares vested upon actual performance achieved and dividend equivalents that accrued and vested with the performance-based awards.

[4] Not adjusted for forfeitures, withholding and expirations, which would reduce the burn rate if taken into account.

As commonly calculated, the total potential dilution or "overhang" resulting from the adoption of the 2022 Plan would be 5.13%. The overhang is calculated as follows as of March 1, 2022 assuming the 2022 Plan is approved:

(a)	Remaining Shares available under 2013 Plan [1]	9,575,000
(b)	Shares available under the 2022 Plan if approved	5,806,000
(c)	Shares available under the 2019 Director Equity Plan	108,000
(d)	Shares underlying outstanding awards under 2019 Director Equity Plan [2]	160,316
(e)	Shares underlying outstanding time-vested restricted stock unit awards	783,283
(f)	Shares underlying outstanding performance stock units (based on target performance)	1,170,647
(g)	Shares underlying outstanding stock option awards under 2013 Plan [3]	208,677
(h)	Total shares authorized for or outstanding under employee awards (b+c+d+e+f+g) [4]	8,236,923
(i)	Total shares outstanding	160,590,000
(j)	Overhang (h/i)	5.13%

[1] The 2013 Plan will be replaced by the 2022 Plan and no new awards will be made under the 2013 Plan upon shareholder approval of the 2022 Plan. Shares listed represent the shares available for new awards in the 2013 Plan as of March 1, 2021.

[2] The outstanding shares are director stock units and time-based awards.

[3] The weighted average stock option exercise price is approximately $11.66 and the weighted average remaining contractual term is approximately 1.24 years.

[4] The remaining shares available under 2013 Plan are not included.

Key Terms of the 2022 Plan

The 2022 Plan is attached to this Proxy Statement as Exhibit A. A summary of the 2022 Plan is set forth below. Do not rely solely on this summary for information about the 2022 Plan.

Participants

The 2022 Plan is available for future equity-based and cash-based awards to the approximate 3,200 officers and other employees of Fulton and its affiliates and to eligible consultants. The Board anticipates that 2022 Plan awards will be made to approximately 500 officers and other employees, although awards may be made to additional participants at the discretion of the HR Committee once the 2022 Plan is approved. No awards have been made under the 2022 Plan, and no awards have been granted that are contingent on Fulton shareholder approval of the 2022 Plan. Future awards under the 2022 Plan would be made at the discretion of the HR Committee. Therefore, the awards or number of shares of common stock subject to awards that may be granted in the future to employees, including executive officers, and other eligible participants under the 2022 Plan are not determinable at this time. The table below on Page 53, however, sets forth the value of benefits that would have been received or allocated to each of the following persons or groups, in each case, under the 2022 Plan with respect to the 2021 fiscal year if the 2022 Plan had been in effect and the 2013 Plan had not been in effect, in each case, based on awards made under the 2013 Plan.

Administration

The 2022 Plan is administered by the HR Committee. The HR Committee will determine 2022 Plan participants, vesting schedules and the expiration date of awards.

Shares Available for Grant

Subject to adjustment as described below, and excluding any awards granted prior to May 17, 2022 (the "**Effective Date**"), the total number of shares available that may be granted under the 2022 Plan shall not exceed 5,806,000. During the term of the 2022 Plan, Fulton will keep reserved at all times the number of shares of common stock required to satisfy all such awards.

Types of Awards Available under the 2022 Plan

Under the 2022 Plan, the HR Committee can make equity-based performance or time-based restricted stock and restricted stock unit awards, stock options, stock appreciation rights ("**SARs**"), and cash-based incentive compensation awards. The HR Committee can make different awards to the same participant during any calendar year.

<u>Restricted Stock Awards</u>

The 2022 Plan authorizes the HR Committee to grant restricted stock to participants. Restricted stock awards are subject to forfeiture. Forfeiture restrictions can be time-based and/or performance based. Restriction periods are not less than one year.

During the restriction period, the participant is the owner of the underlying shares of common stock and is entitled to vote the shares. The HR Committee has the discretion to award dividends associated with the restricted stock, but the dividends are credited to the participant's account and paid only upon the release of the restrictions. Upon the lapse of any forfeiture restrictions, the issued shares of Fulton's common stock are then owned by the participant.

A participant may forego delivery of an applicable number of shares upon the vesting of a restricted stock award to pay any withholding tax due.

<u>Restricted Stock Units</u>

The HR Committee has authority to grant restricted stock units to participants with such terms and conditions as the HR Committee deems appropriate. A restricted stock unit is the right to receive a share of common stock at some point in the future and common stock is not issued and outstanding at the time of award. Restricted stock units are subject to forfeiture. A restriction period must be a minimum of one year and can: (i) be an established number of years; (ii) last until the end of continuous service of the participant; (iii) be based on the performance criteria described below or (iv) be based on a combination of time and performance criteria.

During the restriction period, the participant is not the owner of the shares of common stock, but may be entitled to receive "dividend equivalents." Dividend equivalents are credited to the participant's account and paid only upon the release of the restrictions on such restricted stock unit award.

Upon the lapse of any forfeiture restrictions, the participant will be issued shares of Fulton's common stock.

A participant may forego delivery of an applicable number of shares upon the lapse of forfeiture restrictions on a restricted stock units award to pay any withholding tax due.

<u>Performance Share Awards</u>

The HR Committee may grant performance based stock and stock unit awards ("PSU"). A performance period cannot be less than one fiscal quarter, and is generally expected to range from one to three years. PSUs are granted subject to a risk of forfeiture that lapses as the participant vests in the stock or units granted. Subject to the minimum vesting limitations set forth in the 2022 Plan, the participant vests in the common stock or units underlying such performance-based stock award, in whole or in part, if certain goals established by the HR Committee are achieved over a designated period of time, but in no event more than 10 years after the grant date. If the performance goals are not satisfied within the designated period of time, the performance-based stock award will automatically be forfeited.

<u>Dividend Equivalents on Equity Awards</u>

If authorized by the HR Committee, upon the granting of a time-based restricted stock award and the vesting of a performance-based restricted stock award, the participant has the rights of a stockholder with respect to the voting of the common stock underlying such award, subject to the conditions contained in the award agreement. The award agreement may require or permit the waiver, deferral or investment of dividends or dividend equivalents paid on the shares of common stock underlying a restricted stock award or performance-based stock award.

As a practice, dividends are not paid on unvested performance-based stock awards or unvested time-based restricted stock awards. Instead, dividends will be accrued and paid when the performance-based stock award or unvested time-based restricted stock awards vests.

<u>Stock Options</u>

Under the 2022 Plan, the HR Committee may from time to time grant stock options, either as incentive stock options ("**ISOs**"), as defined in section 422 of the Tax Code, or as non-statutory stock options, to acquire shares of Fulton's common stock to eligible participants. ISOs are subject to certain limitations not applicable to non-ISOs. The exercise price of all stock options will be determined by the HR Committee but may not be less than 100% of the fair market value of Fulton's common stock on the date of grant. The exercise price for any ISO granted to any eligible employee owning more than 10% of the total combined voting power of all classes of Fulton's stock may not be less than 110% of the fair market value of Fulton's common stock on the date of grant and the term of such ISO may not exceed five years from the date of grant.

The exercise price may be adjusted in the event of changes in the capitalization of Fulton. The aggregate fair market value (determined at the date of grant) of common stock subject to all ISOs held by an employee that vest in any single calendar year cannot exceed $100,000.

SARs

The 2022 Plan permits the HR Committee to grant SARs. The exercise price of all SARs will be determined by the HR Committee, but the price may not be less than the fair market value of Fulton's common stock on the date of grant. Upon exercise of a SAR, the participant shall receive an amount equal to the amount by which the fair market value of a share on the date of surrender exceeds the exercise price of such SAR. Fulton pays this amount in the form of common stock, cash, or any combination thereof as determined by the HR Committee. Subject to the minimum vesting limitations set forth in the 2022 Plan, all SARs will be exercisable and will vest at such times and under such conditions as determined by the HR Committee and set forth in the relevant SAR agreement. Upon the occurrence of a vesting event as described below under Treatment of Awards Upon a Change in Control, all SARs that are outstanding on such date will become exercisable whether they are vested or not.

Cash-Based Awards

The 2022 Plan permits the HR Committee to make cash-based performance compensation awards. The Committee shall have full discretion to select: (i) the length of such performance period; (ii) the type of performance compensation awards to be issued; (iii) the performance criteria that will be used to establish the performance goals and (iv) the kind and level of the performance goals that apply to the performance formula.

Unless otherwise provided in the applicable award agreement, a participant must be employed by Fulton on the last day of a performance period to be eligible for payment in respect of a cash-based performance compensation award. A cash-based performance compensation award will only be eligible for payment to the extent that the selected performance goals are achieved during the performance period. The HR Committee may use its discretion to reduce or eliminate the amount of the performance compensation award earned under the performance formula. The HR Committee does not have the discretion to allow payment with respect to a cash-based performance compensation award if the performance goals for such performance period have not been attained.

Vesting – General

Time-Based Awards

Subject to acceleration, stock options, SARs, restricted stock and restricted stock unit awards will vest and become exercisable, or have lapse of forfeiture restrictions, on the third anniversary of the date of grant.

Clawback of Awards

Any awards made under the 2022 Plan are subject to clawback by Fulton as required by law, regulation or stock exchange listing requirement or any Fulton policy.

Acceleration of Vesting in Certain Events

Certain events accelerate the vesting schedule for outstanding awards under the 2022 Plan or provide a longer period for the participant to exercise vested stock options. Such events include:

A Change in Control of Fulton

Upon a termination of a participant's service within 12 months following a change in control, all stock options vest and are eligible for exercise by the participant, and the forfeiture restrictions lapse on all time-based restricted stock and restricted stock units awards. A change in control generally means: (i) a consolidation or merger of Fulton into another company; (ii) a sale of all the assets of Fulton; (iii) one person, group or entity acquiring at least 50% of the voting securities of Fulton or (iv) a majority of Board changing within one year (without the approval of the then-existing directors).

The Death or Disability of a Participant

In the case of death or disability of a participant, all stock options of a participant become immediately exercisable and, if the stock options do not otherwise expire by reaching the end of their term, a participant who dies or becomes disabled has one year after the participant's end of continuous service to exercise his or her stock options. In addition, all forfeiture restrictions lapse on all outstanding restricted stock and restricted stock unit awards upon death or disability of a participant.

The Retirement of a Participant

The 2022 Plan defines "retirement" as retirement from service to Fulton, or an affiliate of Fulton, after attaining age 60 with at least ten years of continuous service or attaining age 62 with at least five years of continuous service. In the case of retirement, all stock options become immediately exercisable, and the participant has the shorter of: (i) one year or (ii) the end of the stock option term to exercise such stock options. The forfeiture restrictions on time-based restricted stock units awards lapse upon retirement, however, if such retirement would constitute a "separation from service" under the Tax Code then the awards are not paid until six months after retirement.

Separation from Service Resulting from Layoff or Position Elimination

In the event a participant loses his or her position resulting from a layoff or position elimination, the exercise period for all outstanding, vested stock option awards will be extended for 90 days. All time-based equity awards that are unvested or that remain subject to risk of forfeiture will terminate and expire.

Performance-Based Awards

The 2022 Plan contains special rules for the impact of a change in control, or the death, disability or retirement of the participant with respect to performance-based awards.

In the event of a change in control, all incomplete performance periods in respect of such award in effect on the date the change in control occurs shall end on the date of such change and the HR Committee will: (i) determine the extent to which performance goals with respect to each such performance period have been met based upon such audited or unaudited financial information then available as it deems relevant and (ii) cause to be paid to the applicable participants partial or full awards with respect to performance goals for each such performance period based upon the HR Committee's determination of the degree of attainment of performance goals or, if not determinable, assuming that the applicable "target" levels of performance have been attained. In addition, the 2022 Plan provides the HR Committee with the discretion to cancel existing awards and to pay to the participants the value of such cancelled awards in cash or stock.

The HR Committee will determine the impact of the death or disability of the participant on stock- or cash-based performance awards.

Upon retirement, for each performance compensation award (cash-based) and performance share award (stock-based), the HR Committee has the ability to: (i) determine the extent to which performance goals with respect to such performance period have been met during or with respect to the period of the participant's active employment, and (ii) cause to be paid to the applicable participant partial or full awards for such future performance period based upon the HR Committee's determination of the degree of attainment of performance goals. Alternatively, the HR Committee may waive the continuous service requirement upon termination for retirement and allow a performance award to vest, or lapse, in accordance with its original terms.

Adjustments

In the event of a merger, consolidation, recapitalization, stock dividend or stock split, the HR Committee will make an appropriate proportional adjustment in connection with: (i) the number of shares available for award under the 2022 Plan; (ii) the maximum number of shares that can be awarded to one participant in a calendar year; (iii) the number of shares and exercise price of stock options and SAR and (iv) the number of shares underlying restricted stock and restricted stock units awards. Fulton will recycle awards as a result of award forfeitures or vested awards used for the payment of taxes on performance based and time-based restricted stock unit and restricted stock awards, but Fulton does not recycle shares with respect to options or SARs.

Amendments to the 2022 Plan

The Board may at any time amend, alter, suspend or discontinue the 2022 Plan in its discretion, but no amendment, alteration, suspension or discontinuation may be made which would impair the rights of any participant under any grants theretofore made without his or her consent. In addition, to the extent necessary and desirable to comply with Section 422 of the Tax Code (or any other applicable law or regulation, including the requirements of any stock exchange or national market system upon which Fulton's common stock is then listed), Fulton will obtain stockholder approval of any amendment to the 2022 Plan: (i) that increases the maximum number of shares to be granted under the 2022 Plan; (ii) changes the class of participants; (iii) effects a repricing transaction; (iv) materially increases the benefits under the 2022 Plan to a participant or (v) otherwise requires the approval of shareholders under applicable laws or listing standards for the shares.

Federal Income Tax Consequences

The following is a brief description of the U.S. federal income tax consequences generally arising with respect to the grant of stock options, SARs and restricted stock awards. This summary is not intended to (and does not) constitute tax advice to participants in the 2022 Plan and is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences. Participants are advised to consult with their own independent tax advisors with respect to the specific tax consequences that, in light of their particular circumstances, might arise in connection with their receipt of awards under the 2022 Plan, including any state, local or foreign tax consequences and the effect, if any, of gift, estate and inheritance taxes.

Stock Options and SARs

The grant of a stock option or SAR will generally create no tax consequences for the participant or Fulton at the grant date. A participant will generally not recognize taxable income upon exercising an ISO except that the alternative minimum tax may apply (depending on the participant's individual circumstances). Upon exercising a stock option (other than an ISO) or SAR, the participant will recognize ordinary income equal to the excess of the fair market value of the freely transferable and nonforfeitable common stock (and cash or other property) acquired on the date of exercise over the exercise price.

Performance-Based Restricted Stock and Time-Based Restricted Stock Awards

Generally, the recipient of an award of performance stock or restricted stock will not recognize ordinary income at grant. Instead, the participant generally will recognize ordinary income when the performance-based restricted stock or units or time-based restricted stock or units vest equal to the fair market value of the common stock on the vesting date. Fulton will generally receive a tax deduction equal to the amount of ordinary income recognized by the recipient.

Section 409A

Section 409A of the Tax Code governs the taxation of deferred compensation. Awards received under the 2022 Plan are intended to be exempt from the requirements of Section 409A where possible. However, there can be no assurance that awards designed to be exempt from Section 409A will in fact be exempt. An award that is subject to Section 409A and fails to satisfy its requirements will subject the holder of the award to immediate taxation, an interest penalty and an additional 20% tax on the amount underlying the award.

Share Recycling

Shares of common stock underlying awards will be available for reissuance under the 2022 Plan in the event that an award expires or is canceled or otherwise terminated. In addition, to the extent that shares issued under the 2022 Plan are withheld by Fulton for taxes on performance shares and time-based stock awards, such shares will again be available for reissuance under the 2022 Plan. Shares that are withheld or tendered to Fulton to pay taxes or to pay the exercise price of options will not become available for reissuance under the 2022 Plan, and shares subject to a SAR that are not issued in connection with the stock settlement of that SAR will not become available for reissuance under the 2022 Plan.

Adjustments and Extraordinary Events

The 2022 Plan provides that if there is any increase or decrease in the number of issued and outstanding shares of common stock resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of Fulton's common stock, any extraordinary cash dividend, or any other increase or decrease in the number of issued and outstanding shares of common stock, effected without the receipt of consideration by the Fulton, then the number of shares that pertain to each outstanding award and the exercise price of each option and SAR will be proportionately adjusted.

Transferability

Generally, awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will, by the laws of descent and distribution or pursuant to a domestic relations order entered into by a court of competent jurisdiction and may be exercised, during the lifetime of the participant, only by the participant.

Term of the 2022 Plan

Unless previously terminated by the Board, the 2022 Plan shall terminate on, and no award shall be granted after May 17, 2032.

2021 Equity Awards

The following table provides a summary of the 2021 equity awards granted under the 2013 Plan:

Awards Granted in 2021 Under the 2013 Plan		
Name and Position	**Dollar Value ($)(1)**	**Number of Shares/Units(2)**
E. Philip Wenger, Chairman and Chief Executive Officer of Fulton	$ 1,305,528	76,893
Curtis J. Myers, President and Chief Operating Officer of Fulton	$ 558,644	32,903
Mark R. McCollom, SEVP and Chief Financial Officer of Fulton	$ 433,784	25,549
Angela M. Snyder, SEVP and Head of Consumer Banking	$ 294,713	17,358
Meg R. Mueller, SEVP and Head of Commercial Business	$ 294,713	17,358
Executive officers as a group (includes NEOs)	$ 4,812,603	232,200
Non-employee directors as a group	$ 0	0
Employees other than executive officers as a group	$ 6,199,216	367,504

1 Dollar value reflects the 2021 grant date fair value of all stock awards granted in 2021.

2 Includes performance awards and restricted stock units granted in 2021. For performance-based stock units, shares granted are based on the target number of shares.

Equity Compensation Plan Information

The following table provides information about options outstanding under all of Fulton's equity plans, and the number of securities remaining available for future issuance under the 2013 Plan and 2019 Director Equity Plan as of December 31, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights(2)	Number of securities remaining available for future issuance under equity compensation Plans (excluding securities reflected in first column)(3)
Equity compensation plans approved by security holders	2,302,330	$11.57	9,743,000
Equity compensation plans not approved by security holders	—	—	—
Total	2,302,330	$11.57	9,743,000

[1] The number of securities to be issued upon exercise of outstanding options, warrants and rights includes 1,162,030 PSUs, which is the target number of PSUs that are payable under the 2013 Plan, though no shares will be issued until achievement of applicable performance goals, 239,591 stock option units, 738,201 time-vested restricted stock units granted under the 2013 and 162,508 time-vested restricted stock units granted under the 2019 Director Equity Plan.

[2] The weighted-average exercise price of outstanding options, warrants and rights does not take into account outstanding PSUs and restricted stock units granted under the 2013 Plan and the 2019 Director Equity Plan.

[3] Consists of 9,634,000 shares that may be awarded under the 2013 Plan and 109,000 shares that may be awarded under the 2019 Director Equity Plan. Does not include the 1,330,621 shares that may be purchased under the ESPP.

Recommendation of the Board

✓ **The Board recommends a vote FOR the approval of the 2022 Amended and Restated Equity and Cash Incentive Compensation Plan.**

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

For the years ended December 31, 2021 and December 31, 2020, Fulton engaged KPMG LLP (**"KPMG"**), independent registered public accountants, to audit Fulton's financial statements. The fees incurred for services rendered by KPMG for the years ended December 31, 2021 and 2020 are summarized in the following table:

Services and Fees	2021	2020
Audit Fees – Annual Audit and Quarterly Reviews [1]	$2,116,000	$1,725,000
Audit Fees – Issuance of Comfort Letters and Consents	0	300,000
Audit Fees – Statutory Audit	54,000	52,000
Audit Fees Subtotal	2,170,000	2,077,000
Audit Related Fees	—	—
Tax Fees [2]	58,000	63,225
All Other Fees	—	—
TOTAL	$2,228,000	$2,140,225

[1] Amounts presented for 2021 are based upon the audit engagement letter and additional fees paid. Final billings for 2021 may differ.

[2] Fees paid for tax services relating to federal and state tax matters.

On February 22, 2022, Fulton's Audit Committee approved the appointment of KPMG for the fiscal year ended December 31, 2022. The Audit Committee carefully considered whether the provision of the 2021 and 2020 non-audit services performed by KPMG described above are incompatible with maintaining the independence of KPMG in performing its audit services and determined that the independence of KPMG has not been compromised.

The Audit Committee pre-approved all fees paid to KPMG in 2021 and 2020. The Audit Committee pre-approves all auditing and permitted non-auditing services, including the fees and terms thereof, to be performed by its independent auditor, subject to the de minimus exceptions for non-auditing services permitted by the Exchange Act. These types of services, however, are approved prior to completion of the services. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members, when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services. Any decisions of such subcommittees to grant pre-approvals are presented to the Audit Committee for ratification at its next scheduled meeting.

Based on its review and discussion of the audited 2021 financial statements of Fulton with management and KPMG, the Audit Committee recommended to the Board that the financial statements be included in the Annual Report for filing with the SEC. Attached as Exhibit B is a copy of the report of the Audit Committee findings as a result of its financial reporting oversight responsibilities.

RATIFICATION OF INDEPENDENT AUDITOR – PROPOSAL FOUR

Fulton's Audit Committee has selected the firm of KPMG to continue as Fulton's independent auditor for the fiscal year ending December 31, 2022. Although shareholder approval of the selection of KPMG is not required by law, the Board believes that it is advisable to give shareholders an opportunity to ratify this selection as it is consistent with sound corporate governance practices. Assuming the presence of a quorum at the Annual Meeting, the affirmative vote of a majority of the votes cast is required to ratify the appointment of KPMG as Fulton's independent auditor for the fiscal year ending December 31, 2022.

If Fulton's shareholders do not approve this proposal at the Annual Meeting, the Audit Committee will consider the results of the shareholder vote on this proposal when selecting an independent auditor for 2023. No determination has been made as to what other specific action, if any, the Audit Committee would take in the event Fulton shareholders do not ratify the appointment of KPMG at the Annual Meeting.

KPMG has conducted the audit of the financial statements of Fulton and its subsidiaries for the years ended December 31, 2002 through December 31, 2021. Representatives of KPMG are expected to be present at the Annual Meeting, will be given an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from shareholders.

Recommendation of the Board

The Board recommends that shareholders vote FOR ratification of the appointment of KPMG LLP as Fulton's independent auditor for the fiscal year ending December 31, 2022.

ADDITIONAL INFORMATION

Annual Report

A copy of Fulton's Annual Report for the year ended December 31, 2021, as filed with the SEC, including financial statements, is available without charge to shareholders upon written request addressed to the Corporate Secretary: Fulton Financial Corporation, Attention Corporate Secretary, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604.

The Fulton Annual Report for the year ended December 31, 2021 and this Proxy Statement are available on Fulton's website at www.fultonbank.com. Copies of the current governance documents and future updates, including but not limited to the Fulton Code of Conduct, Audit Committee Charter, HR Committee Charter, NCG Committee Charter, Risk Committee Charter and Fulton's Governance Guidelines are available on Fulton's website at www.fultonbank.com. The contents of Fulton's website are not incorporated into this Proxy Statement.

Householding of Proxy Materials

Only one Proxy Statement is being delivered to multiple security holders sharing an address unless Fulton has received contrary instructions from one or more of the security holders. Fulton will promptly deliver, upon written or oral request, a separate copy of this Proxy Statement to a security holder at a shared address. If you are eligible for householding and wish to receive only a single copy for all eligible shareholders in your household you may request a single copy. Such requests should be made to the Corporate Secretary: Fulton Financial Corporation, Attention Corporate Secretary, P.O. Box 4887, One Penn Square, Lancaster, Pennsylvania 17604, (717) 291-2411.

Sign Up for Electronic Delivery

If you would like to save paper and reduce the costs incurred by Fulton in printing and mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please go to www.proxyvote.com and have your proxy card and control number when you access the website, then follow the instructions at www.proxyvote.com to obtain your records and to create an electronic voting instruction form. Follow the instructions for voting by Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

OTHER MATTERS

The Fulton Board knows of no matters other than those discussed in this Proxy Statement that will be presented at the Annual Meeting. However, if any other matters are properly brought before the Annual Meeting, then any proxy given pursuant to this solicitation will be voted in accordance with the recommendations of the Board.

BY ORDER OF THE BOARD

Natasha R. Luddington
Senior Executive Vice President,
Chief Legal Officer and
Corporate Secretary

Lancaster, Pennsylvania
April 1, 2022

EXHIBIT A

FULTON FINANCIAL CORPORATION

2022 AMENDED AND RESTATED
EQUITY AND CASH INCENTIVE COMPENSATION PLAN

Plan Effective Date: May 17, 2022

NOTICE OF 2022 ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT

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FULTON FINANCIAL CORPORATION

2022 AMENDED AND RESTATED EQUITY AND CASH INCENTIVE COMPENSATION PLAN

Article 1. Purpose of the Plan.

The purposes of the 2022 Amended and Restated Equity and Cash Incentive Compensation Plan (the "**Plan**") of Fulton Financial Corporation (the "**Company**") are to: (i) align the interests of key individuals with those of the Company's shareholders by encouraging and creating ownership of Shares of Common Stock of the Company; (ii) enable the Company to be competitive among its peers and attract and retain qualified individuals who contribute to the Company's success by their efforts, service, ability and ingenuity; (iii) provide long-term equity and cash-based rewards and incentive opportunities to key individuals who are responsible for the success of the Company and who are in a position to make significant contributions toward its objectives; and (iv) reward individual performance. The Plan amends and restates the Company's 2013 Amended and Restated Equity and Cash Incentive Compensation Plan (the "**2013 Plan**"). The 2022 Plan is not a new equity plan but amends and restates the 2013 Plan. Any awards made by the Company under the 2013 Plan after March 1, 2022 will reduce the shares to be awarded under the 2022 Plan.

All outstanding awards granted under the Plan prior to its amendment and restatement shall remain subject to the terms of the Plan; provided, that no Awards granted or awarded prior to the effectiveness of this amendment and restatement that are materially adversely affected by the changes in the Plan shall be subject to such provisions without the prior consent of the applicable Participant.

Article 2. Definitions.

For purposes of the Plan, the following words or phrases shall have the meanings assigned to them below:

2.01 "**Affiliate**" means a parent or subsidiary corporation of the Company, as defined in Section 424 (e) and (f) of the Code.

2.02 "**Applicable Laws**" means the requirements related to or implicated by the administration of the Plan under applicable state corporate law, United States federal and state securities laws, the Code, and any stock exchange or quotation system on which the Shares of Common Stock are listed or quoted.

2.03 "**Award**" means an Incentive Stock Option, a Non-Qualified Stock Option, a Stock Appreciation Right, a Restricted Award, a Performance Share Award or a Performance Compensation Award. Each Award shall be subject to the terms and conditions of the Plan and to such other terms and conditions included by the Committee in the Award Agreement, to the extent not inconsistent with the Plan.

2.04 "**Award Agreement**" means a written agreement, contract, certificate or other instrument or document evidencing the terms and conditions of an individual Award granted under the Plan.

2.05 "**Board**" means the Board of Directors of the Company.

2.06 "**Business Combination**" has the meaning set forth in Section 2.08(c).

2.07 "**Cause**" means with respect to any Employee:

(a) Employee shall have committed a felony, or misdemeanor resulting or intending to result directly or indirectly in gain or personal enrichment to the Employee;

(b) Employee's use of alcohol or other drugs which interferes with the performance by the Employee of Employee's duties;

(c) Employee shall have deliberately and intentionally refused or otherwise failed (for reasons other than incapacity due to accident or physical or mental illness) to substantially perform any of Employee's duties to the Company or an Affiliate, with such refusal or failure continuing for a period of at least thirty (30) consecutive days following the receipt by Employee of written notice from the Company or Affiliate setting forth in detail the facts upon which the Company or Affiliate relies in concluding that Employee has deliberately and intentionally refused or failed to perform such duties;

(d) Employee's conduct that brings public discredit on or injures the reputation of the Company and/or its Affiliates, in the reasonable opinion of the Board or a committee of the Board; or

(e) the Company or an Affiliate is legally precluded from employing Employee for the position and duties described in the Employee's employment agreement with the Company or an Affiliate.

Notwithstanding the above definition, if an Employee is party to an employment agreement with the Company or any Affiliate that has a different definition of "Cause," then the definition in such employment agreement will control.

The Committee may determine that a Consultant is terminated for Cause as a result of a violation of the Company's Code of Conduct (or similar code of conduct maintained by an Affiliate). For purposes of the Plan, the Committee shall determine the effect of all matters and questions relating to whether an Employee has been discharged for Cause, including but not limited to terminations pursuant to the Company's Code of Conduct.

2.08 "**Change in Control**" of the Company shall be deemed to have occurred when:

(a) during any period of not more than thirty-six (36) months, individuals who constitute the Board as of the beginning of the period (the "**Incumbent Directors**") cease for any reason to constitute at least a majority of the Board, provided that (i) any person becoming a director subsequent to the beginning of the period, whose nomination for election or appointment was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the Company's proxy statement in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; and (ii) no individual initially nominated or appointed as a result of an actual or publicly threatened election contest or pursuant to a negotiated agreement with respect to directors or as a result of any other actual or publicly threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(b) the acquisition by any person (as such term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time, or any successor thereto, and the applicable rules and regulations thereunder (the "**Exchange Act**") and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) of beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act), of the Company's capital stock entitled to thirty percent (30%) or more of the outstanding voting power of all capital stock of the Company eligible to vote for the election of the Board ("**Voting Securities**"); provided, however, that the event described in this paragraph (b) will not be deemed to be a Change in Control by virtue of the ownership, or acquisition, of Voting Securities: (i) by the Company or an Affiliate, including purchases pursuant to a stock repurchase plan; (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate; (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities or (iv) pursuant to a Non-Qualifying Transaction (as defined in paragraph (c) of this definition);

(c) the consummation of a merger, consolidation, division, statutory share exchange, or any other transaction or a series of transactions outside the ordinary course of business involving the Company (a "**Business Combination**"), unless immediately following such Business Combination: (i) more than fifty percent (50%) of the total voting power of (x) the entity resulting from such Business Combination, or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of at least ninety-five percent (95%) of the voting power of such resulting entity (either, as applicable, the "**Surviving Entity**"), is represented by Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Voting Securities among the holders thereof immediately prior to the Business Combination; (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity), is or becomes the beneficial owner, directly or indirectly, of thirty percent (30%) or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity and (iii) at least a majority of the members of the board of directors of the Surviving Entity following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) of this paragraph (c) will be deemed to be a "**Non-Qualifying Transaction**");

(d) the consummation of a sale of all or substantially all of the assets of the Company (other than to a wholly owned subsidiary of the Company); or

(e) the Company's shareholders approve a plan of complete liquidation or dissolution of the Company.

Actions taken by the Company to merge, consolidate, liquidate or otherwise reorganize one or more of its subsidiaries or affiliates shall not constitute a Change in Control for purposes of this Agreement.

2.09 "**Code**" means the Internal Revenue Code of 1986, and any regulation, as amended from time to time.

2.10 "**Code of Conduct**" means the Company's Code of Conduct approved by the Board, as amended from time to time.

2.11 "**Committee**" means the Human Resources Committee of the Board, or such other committee of the Board appointed by the Board to administer the Plan.

2.12 "**Common Stock**" means the common stock of the Company, par value $2.50 per share.

2.13 "**Company**" means Fulton Financial Corporation a Pennsylvania business corporation, and any successor thereto.

2.14 "**Consultant**" means any former director, employee or advisory board member of the Company or an Affiliate who is subsequently engaged by the Company or an Affiliate to render consulting or advisory services, or an independent contractor pursuant to a consulting agreement.

2.15 "**Continuous Service**" means that the Participant's service with the Company or an Affiliate, whether as an Employee or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee or Consultant or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service; provided further that if any Award is subject to Section 409A of the Code, this sentence shall only be given effect to the extent consistent with Section 409A of the Code. For example, a change in status from an Employee of the Company to a Director or Consultant of an Affiliate will not constitute an interruption of Continuous Service. The Committee or its delegate, in its sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal or family leave of absence.

2.16 "**Date of Grant**" means the date the Committee grants an Award to a Participant or, if a later date is set forth in a resolution, the date as is set forth in such resolution.

2.17 "**Date of Exercise**" means, in respect of any Option granted under the Plan, the date on which the Participant's written notice of Exercise is received by the Company pursuant to procedures prescribed by the Committee.

2.18 "**Disability**" means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; provided, however, for purposes of determining the term of an Incentive Stock Option pursuant to Article 6 hereof, the term Disability shall have the meaning ascribed to it under Section 22(e)(3) of the Code. If necessary, whether an individual has a Disability shall be determined under procedures established by the Committee. Except in situations where the Committee is determining Disability for purposes of the term of an Incentive Stock Option pursuant to Article 6 hereof, the Committee may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates. If an Employee has an employment agreement with the Company or any Affiliate with a different definition of "Disability," then such employment agreement definition shall control.

2.19 "**Disqualifying Disposition**" has the meaning set forth in Section 6.04.

2.20 "**Director**" means a member of the Board.

2.21 "**Effective Date**" is described in Article 18.

2.22 "**Employee**" means any person employed by the Company or an Affiliate.

2.23 "**Exchange Act**" has the meaning set forth in Section 2.08(b).

2.24 "**Exercise**" means, in respect of an Option, the delivery by the Participant to the Secretary of the Company of a written notice of exercise in the form specified by the Committee, accompanied by payment in full of the Option Exercise Price.

2.25 "**Fair Market Value**" means, as of any date, the following value of a share of the Common Stock: (a) if the Common Stock is listed on any national stock exchange, the Fair Market Value shall be the closing price on the trading day of the Date of Grant (or if no sales of shares were reported on any stock exchange on that day, the closing price on the immediately preceding trading day on which such price was reported), as reported by Nasdaq on www.Nasdaq.com, in the Wall Street Journal or such other source as the Committee deems reliable; and (b) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Committee and such determination shall be conclusive and binding on all persons.

2.26 "**Incentive Stock Option**" means an Option issued pursuant to the Plan that meets the requirements of Section 422 of the Code.

2.27 "**Independent**" or "**Independence**" means, with respect to a Director who is a Committee member, the independence requirements applicable to a Committee member under the rules and regulations of the U.S. Securities and Exchange Commission and the national securities exchange or national interdealer quotation system on which the Common Stock is then listed or quoted.

2.28 "**Non-Employee Director**" means a non-employee director of the Board within the meaning of Rule 16b-3 promulgated under the Exchange Act.

2.29 "**Non-Qualified Stock Option**" means an Option issued pursuant to the Plan that is not intended to be an Incentive Stock Option.

2.30 "**Option**" means a right granted to a Participant to purchase Shares at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.31 "**Optionee**" means a Participant to whom an Option has been awarded.

2.32 "**Option Exercise Price**" means the price at which a Share of Common Stock may be purchased upon the date of Exercise of an Option.

2.33 "**Participant**" means an eligible person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

2.34 "**Performance Compensation Award**" means any Award granted by the Committee pursuant to Article 10 of the Plan.

2.35 "**Performance Criteria**" means the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Share Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or Affiliate, division, business unit or operational unit of the Company) and may include, either individually or in ratios or other combinations:

(a) basic earnings per share;
(b) basic cash earnings per share;
(c) diluted earnings per share;
(d) core earnings per share;
(e) diluted cash earnings per share;
(f) earnings before taxes;
(g) net income;
(h) net interest income;
(i) non-interest income;
(j) revenue;
(k) efficiency ratio;
(l) salaries and benefits efficiency ratio;
(m) return on average assets;
(n) core return on average assets;
(o) core return on equity;
(p) return on average shareholders' equity;
(q) return on average tangible shareholders' equity;
(r) core earnings;
(s) operating income;
(t) net interest margin;
(u) net interest rate spread;
(v) growth in assets, loans or deposits;
(w) loan production volume;
(x) sales;
(y) net charge-offs;
(z) nonperforming/classified assets;
(aa) classified loans;
(bb) cash flow;
(cc) capital level (core or risk-based);

(dd) interest rate risk exposure-net portfolio value;

(ee) interest rate risk-sensitivity;

(ff) liquidity;

(gg) strategic business objectives, cost control, business expansion goals, and goals relating to acquisitions or divestitures, or goals relating to capital raising and capital management;

(hh) objective customer service measures or indices,

(ii) stock price (including, but not limited to, growth measures and total shareholder return);

(jj) operating expense as a percentage of average assets;

(kk) core deposits as a percentage of total deposits;

(ll) net charge-off percentage;

(mm) loan delinquency rates;

(nn) market share;

(oo) pre-provision net revenue; and

(pp) environmental, social and governance metrics.

Any one or more of the Performance Criteria may be used on an absolute or relative basis in any combination or ratio, or year-over-year change to measure the performance of the Company and/or an Affiliate as a whole or any division, business unit or operational unit of the Company and/or an Affiliate or any combination thereof, or as compared to the performance of a group of comparable companies, or published or special index.

2.36 "**Performance Formula**" means, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Share Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Award has been earned for the Performance Period.

2.37 "**Performance Goals**" means, for a Performance Period, the one or more goals for the Performance Period based upon the Performance Criteria. The Committee may adjust or modify the calculation of a Performance Goal for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants based on corporate events beyond the control of a Participant, including the following events:

(a) asset write-downs;

(b) litigation or claim judgments or settlements;

(c) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results;

(d) any reorganization and restructuring programs;

(e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 (or any successor or pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year;

(f) acquisitions or divestitures;

(g) environmental, social and governance metrics;

(h) any other specific unusual or nonrecurring events, or objectively determinable category thereof; and

(i) a change in the Company's fiscal year.

2.38 "**Performance Period**" means the one or more periods of time not less than one fiscal quarter in duration, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to any the payment of a Performance Compensation Award.

2.39 "**Performance Share Award**" means any Award granted pursuant to Article 9 under the Plan.

2.40 "**Performance Share**" means the grant of a right to receive a number of actual shares of Common Stock or share units based upon the performance of the Company during a Performance Period.

2.41 "**Plan**" means this Fulton Financial Corporation Amended and Restated Equity and Cash Incentive Compensation Plan.

2.42 "**Repricing**" means any transaction performed with the intent or effect of:

(a) reducing the exercise price of any outstanding Option or Stock Appreciation Right Awards;

(b) cancelling or exchanging outstanding Options or Stock Appreciation Rights in exchange for cash, other Awards or replacement Options and/or Stock Appreciation Rights, including through a tender offer process, with exercise prices that are less than the exercise price of the cancelled or exchanged Options and/or Stock Appreciation Rights; or

(c) any similar share exchange transaction involving outstanding Awards.

2.43 "**Restricted Award**" means any Award granted pursuant to Article 8.

2.44 "**Restricted Period**" has the meaning set forth in Section 8.01.

2.45 "**Restricted Stock**" has the meaning set forth in Section 8.01.

2.46 "**Restricted Stock Unit**" has the meaning set forth in Section 8.01.

2.47 "**Retirement**" means retirement from employment with the Company or any Affiliate at the earlier of:

(a) achieving age 60 with at least 10 years of service to the Company or any Affiliate; or

(b) achieving age 62 with at least 5 years of service to the Company or any Affiliate.

2.48 "**Securities Act**" has the meaning set forth in Section 14.02.

2.49 "**Shares**" means shares of Common Stock subject to Awards or available for future Awards under the Plan.

2.50 "**Stock Appreciation Right**" means a right granted under Article 7 of the Plan.

2.51 "**Ten Percent Shareholder**" means the owner of stock as determined by Section 424(d) of the Code, possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any one of its Affiliates.

Article 3. Administration of the Plan.

3.01 **Committee Composition**. The Plan shall be administered by the Committee, or, in the Board's sole discretion, by the Independent Directors on the Board. Each member of the Committee shall be Independent.

3.02 **Delegation**. The Committee, or if no Committee has been appointed, the Board, may delegate administration of the Plan to a committee or committees of one or more members of the Board. The Committee shall have the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and reference in this Plan to the Board or the Committee shall thereafter be to the committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Within the scope of such authority, the Board or the Committee may also delegate to a committee of one or more members of the Board or to senior management the authority to grant Awards to eligible individuals who are not subject to Section 16 of the Exchange Act.

3.03 <u>Authority of Committee</u>. Subject to the terms of the Plan, the Committee's charter and Applicable Laws, and in addition to other express powers and authorization conferred by the Plan, the Committee shall be vested with full authority:

(a) to adopt, amend and rescind such rules and regulations as it deems necessary or desirable to administer the Plan;

(b) to construe, interpret and apply the provisions of the Plan;

(c) to authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(d) to delegate its authority to one or more officers of the Company with respect to Awards that do not involve "insiders" within the meaning of Section 16 of the Exchange Act;

(e) to determine when Awards are to be granted under the Plan and the applicable Date of Grant;

(f) from time to time to select, subject to the limitations set forth in the Plan, those Participants to whom Awards shall be granted;

(g) to determine the number of Shares to be made subject to each Award;

(h) to determine whether an Option is to be an Incentive Stock Option or a Non-Qualified Stock Option;

(i) to prescribe the terms and conditions of each Award, including, without limitation, the exercise price, medium of payment and vesting provisions, and to specify the provisions of the Award Agreement relating to such grant;

(j) to determine the target number of Performance Shares to be granted pursuant to a Performance Share Award, the Performance Criteria that will be used to establish the Performance Goals, the Performance Period(s) and the number of Performance Shares earned by a Participant;

(k) to designate an Award (including a cash bonus) as a Performance Compensation Award and to select the Performance Criteria that will be used to establish the Performance Goals;

(l) to amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award; provided, however, that if any such amendment impairs a Participant's rights or increases a Participant's obligations under his or her Award or creates or increases a Participant's federal income tax liability with respect to an Award, such amendment shall also be subject to the Participant's consent;

(m) to determine the duration and purpose of leaves of absences which may be granted to a Participant without constituting termination of their employment or service for purposes of the Plan, which periods shall be no shorter than the periods generally applicable to Employees under the Company's employment policies, subject to the requirements of Section 409A of the Code;

(n) to make decisions with respect to outstanding Awards that may become necessary upon a Change in Control or an event that triggers anti-dilution adjustments;

(o) to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; and

(p) to exercise discretion to make any and all other determinations which it determines to be necessary or advisable for the administration of the Plan.

The Committee also may modify the purchase price or the exercise price of any outstanding Award, provided that if the modification effects a Repricing, shareholder approval shall be required before the Repricing is effective. Any determination, decision or action of the Committee in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon the Company and all Participants and any person claiming under or through a Participant.

3.04 <u>Indemnification</u>. In addition to such other rights of indemnification as they may have as Directors or members of the Committee, and to the extent allowed by Applicable Laws, no member of the Committee or of the Board shall be liable for any determination, decision or action made in good faith with respect to the Plan or any Award granted under the Plan.

Article 4. Shares Subject to the Plan.

4.01 **Shares Subject to the Plan**. Subject to adjustment as provided in Article 12 and excluding any Awards granted prior to the Effective Date, the total number of Shares available that may be granted under the Plan shall not exceed **5,806,000** Shares as of the Effective Date. During the term of each Award, the Company shall keep reserved at all times the number of Shares of Common Stock required to satisfy all such Awards. As the Committee may determine from time to time, the Shares available for distribution under the Plan may consist either in whole or in part of authorized but unissued Common Stock or Common Stock held in treasury.

4.02 **Recycling of Shares**. Any Shares subject to an Award that are cancelled, forfeited or expire prior to exercise or realization, either in full or in part, shall again become available for issuance under the Plan. Shares delivered to or withheld by the Company to satisfy any tax withholding obligation on a Performance Share Award or a Restricted Award shall again become available for issuance under the Plan. Any Shares that are issued upon the exercise or vesting of an Award, except for eligible shares to satisfy a tax withholding obligation, shall be deducted from the available Shares under the Plan as one (1) Share for each Share issued under the Award. Notwithstanding anything to the contrary contained herein, Shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such Shares are:

(a) Shares tendered in payment of the Option Exercise Price;

(b) Shares covering an Option or a stock-settled Stock Appreciation Right;

(c) Shares withheld by the Company to satisfy a tax withholding obligation covering an Option or stock-settled Stock Appreciation Right; or

(d) other Awards that were not issued upon the settlement of the Award.

Article 5. Eligibility.

5.01 **General**. All Employees and Consultants of the Company or any of its Affiliates are eligible to participate in the Plan, whether now existing as an Affiliate or later become an Affiliate. The Committee shall determine which such eligible persons shall be granted Awards and become Participants in the Plan.

5.02 **Eligibility for Specific Awards**. Incentive Stock Options may be granted only to Employees. Awards other than Incentive Stock Options may be granted to Employees and Consultants and those individuals whom the Committee determines are reasonably expected to become Employees and Consultants following the Date of Grant.

5.03 **Ten Percent Shareholders**. An Incentive Stock Option shall not be granted to a Ten Percent Shareholder unless the Option Exercise Price is at least 110% of the Fair Market Value of the Common Stock at the Date of Grant and the Option is not exercisable after the expiration of five (5) years from the Date of Grant.

Article 6. Option Provisions.

6.01 **General**. Each Option granted under the Plan shall be evidenced by an Award Agreement. Each Option granted shall be subject to the conditions set forth in this Article 6, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Each Option shall specify the number of Shares that may be purchased pursuant to the Option, the Option Exercise Price, the term of the Option, vesting schedule and such other terms, conditions and limitations established by the Committee as are consistent with the terms of the Plan. The Award Agreement shall identify the Option as a Non-Qualified Stock Option or an Incentive Stock Option. Notwithstanding the foregoing, the Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the terms of such Option do not satisfy the requirements of Section 409A of the Code. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) <u>Term</u>. Subject to the provisions of Section 5.03 regarding Ten Percent Shareholders, no Option shall be exercisable after the expiration of ten (10) years from the Date of Grant.

(b) <u>Option Exercise Price of an Option</u>. Subject to Section 5.03 regarding Ten Percent Shareholders, the Option Exercise Price of each Option shall not be less than 100% of the Fair Market Value of the Shares subject to the Option on the Date of Grant. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) and 409A of the Code, and a Non-Qualified Stock Option may be granted with an Option Exercise Price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 409A of the Code.

(c) <u>Consideration</u>. Each Participant who elects to Exercise an Option granted pursuant to the Plan shall be required to give written notice to the Company of such election and of the number of Shares he or she has elected to purchase, in such form as the Committee shall have prescribed or approved. At the time of Exercise of the Option, the price of the Shares purchased shall become immediately due and payable: (i) in cash or by check; (ii) by tendering to the Company Shares of the Company that have been held by the Participant for at least six months, having a Fair Market Value as of the Date of Exercise equal to the Option Exercise Price; (iii) by any method established by the Committee to facilitate ownership of Shares, including so-called "cashless exercise"; (iv) by reduction in the number of Shares otherwise deliverable upon exercise of such Option with a Fair Market Value equal to the aggregate Option Exercise Price at the time of Exercise; (v) by any combination of the methods of payment described in (i), (ii) , (iii) or (iv), or (vi) in any other form of legal consideration that may be acceptable to the Committee. Notwithstanding the foregoing, during any period for which the Shares are publicly traded (i.e., the Common Stock is listed on any national stock exchange) an Exercise by a Participant that involves or may involve a direct or indirect extension of credit or arrangement of an extension of credit by the Company, directly or indirectly, in violation of Section 402(a) of the Sarbanes-Oxley Act of 2002 shall be prohibited with respect to any Award under the Plan.

(d) <u>Option Transferability</u>. An Option shall not be transferable except by will, by the laws of descent and distribution, or pursuant to a domestic relations order entered into by a court of competent jurisdiction, and shall be exercisable during the lifetime of the Optionee only by the Optionee. Notwithstanding the foregoing, the Optionee may, by delivering written notice to the Company, in a form satisfactory to the Company designate a third party who, in the event of the death of the Optionee, shall thereafter be entitled to Exercise the Option.

6.02 <u>Termination of Continuous Service</u>. Unless otherwise provided in the terms of an Award Agreement, a vested Option may be exercised and paid only: (a) while the Participant is an Employee, a Director or a Consultant to the Company, or an Affiliate, and (b) has maintained Continuous Service as an Employee, a Director or a Consultant since the Date of Grant of the Option, provided however, if the Continuous Service of an Optionee is terminated:

(a) as a result of the Optionee's Disability, such Optionee may, but only within a one (1) year period from the date of such termination of Continuous Service (and no later than the date that the Option would otherwise expire), Exercise the Option to the extent the Optionee was entitled to Exercise it at the date of such termination of Continuous Service;

(b) as a result of the Optionee's death, to the extent the Optionee was entitled to Exercise the Option immediately prior to the Optionee's death, such Option of the deceased Optionee may be Exercised, but only within one (1) year from the date of the Optionee's death (and no later than the date on which such Option would otherwise expire), by the person or persons (including the Optionee's estate) to whom the Optionee's rights under such Option shall have passed by will or by the laws of descent and distribution;

(c) as a result of the Optionee's Retirement, the Optionee may Exercise his or her currently exercisable Options for up to one year from the date of his or her Retirement (but not beyond the date when the Option would otherwise expire); however, if exercisable Incentive Stock Options are not Exercised within 90 days of Retirement, they will convert automatically to Non-Qualified Stock Options; and

(d) as a result of termination without Cause, layoff or position elimination, the Optionee may Exercise vested Options for up to 90 days (but no later than the date the Option would expire) following the date of such termination.

On the date of termination of Continuous Service, all unvested Options shall be cancelled.

6.03 **Incentive Stock Option Limitation**. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Shares with respect to which Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company and its Affiliates) exceeds the limitation imposed by Section 422 of the Code (currently $100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Non-Qualified Stock Options.

6.04 **Incentive Stock Option Qualifying Disposition**. With respect to Shares acquired as a result of the Exercise of an Incentive Stock Option, any disposition of such Shares other than by will or by the laws of descent and distribution before the later of the expiration of the two (2) year period beginning on the Date of Grant of such Incentive Stock Option, or the expiration of the one (1) year period beginning on the date of the transfer of such Shares pursuant to such Exercise, will not be prohibited by the Plan, but may disqualify the disposition from receiving favorable tax treatment under Section 421(a) of the Code. The Committee may require an Optionee to give prompt notice (as described below) to the Company concerning any disposition of Shares received upon the Exercise of an Incentive Stock Option within: (i) two (2) years from the date of granting such Incentive Stock Option to such Optionee; (ii) one (1) year from the transfer of such shares of Stock to such Optionee or (iii) such other period as the Committee may from time to time determine. The Committee may direct in the applicable Award Agreement that an Optionee with respect to an Incentive Stock Option undertake to give such notice described in the preceding sentence at such time and containing such information as the Committee may prescribe, and/or that the certificates or book entry registration evidencing Shares acquired by Exercise of an Incentive Stock Option refer to such requirement to give such notice. Notice means written notification actually received by the Company at its executive offices on a day when the Company's executive offices are open for business, or, if received after such time, such notice shall be deemed received on the next such day, which notice may be delivered in such manner as may be prescribed from time to time by the Committee.

Article 7. Stock Appreciation Rights.

7.01 **General**. Each Stock Appreciation Right granted under the Plan shall be evidenced by an Award Agreement. Each Stock Appreciation Right so granted shall be subject to the conditions set forth in this Article 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

7.02 **Term**. The term of a Stock Appreciation Right granted under the Plan shall be determined by the Committee; provided, however, no Stock Appreciation Right shall be exercisable later than the tenth anniversary of the Date of Grant.

7.03 **Exercise and Payment**. Upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive from the Company in cash (unless otherwise provided) an amount equal to the number of Shares subject to the Stock Appreciation Right that is being Exercised multiplied by the excess of: (i) the Fair Market Value of a Share on the date the Award is exercised, over (ii) the exercise price specified in the Stock Appreciation Right. Payment shall be made in the form of Shares (with or without restrictions as to substantial risk of forfeiture and transferability, cash or a combination thereof, as determined by the Committee.

7.04 **Exercise Price**. The exercise price of a Stock Appreciation Right shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of one Share on the Date of Grant of such Stock Appreciation Right. A Stock Appreciation Right, by its terms, shall be exercisable only when the Fair Market Value per Share subject to the Stock Appreciation Right exceeds the exercise price per Share thereof.

7.05 Stock Appreciation Right Transferability. A Stock Appreciation Right shall not be transferable except by will, by the laws of descent and distribution, or pursuant to a domestic relations order entered into by a court of competent jurisdiction, and shall be exercisable during the lifetime of the Participant.

7.06 Termination of Continuous Service. Unless otherwise provided in the terms of an Award Agreement, a vested Stock Appreciation Right may be exercised and paid only: (a) while the Participant is an Employee, a Director or a Consultant to the Company, or an Affiliate, and (b) has maintained Continuous Service as an Employee, a Director or a Consultant since the Date of Grant of the Stock Appreciation Right, provided however, if the Continuous Service of a Participant is terminated:

(a) as a result of the Participant's Disability, such Participant may, but only within a one (1) year period from the date of such termination of Continuous Service (and no later than the date that the Stock Appreciation Right would otherwise expire), Exercise the Stock Appreciation Right to the extent the Participant was entitled to Exercise the Stock Appreciation Rightat the date of such termination of Continuous Service;

(b) as a result of the Participant's death, to the extent the Participant was entitled to Exercise the Stock Appreciation Right immediately prior to the Participant's death, such Stock Appreciation Right of the deceased participant may be Exercised, but only within one (1) year from the date of the Participant's death (and no later than the date on which such Stock Appreciation Right would otherwise expire), by the person or persons (including the Participant's estate) to whom the Participant's rights under such Stock Appreciation Agreement shall have passed by will or by the laws of descent and distribution;

(c) as a result of the Participant's Retirement, the Participant may Exercise his or her currently exercisable Stock Appreciation Rights for up to one year from the date of his or her Retirement (but not beyond the date when the Stock Appreciation Rights would otherwise expire); and

(d) as a result of termination without Cause, layoff or position elimination, the Participant may Exercise vested Stock Appreciation Rights for up to 90 days (but no later than the date the Stock Appreciation Right would expire) following the date of such termination.

On the date of termination of Continuous Service, all unvested Stock Appreciation Rights shall be cancelled.

Article 8. Restricted Awards.

8.01 General. A Restricted Award is an Award of actual Shares ("**Restricted Stock**") or Common Stock units ("**Restricted Stock Units**") having a value equal to the Fair Market Value of an identical number of Shares that shall provide that such Restricted Award may not be sold, assigned, transferred or otherwise disposed of, pledged or hypothecated as collateral for a loan or as security for the performance of any obligation (the "**Restricted Period**"). Each Restricted Award so granted shall be subject to the conditions set forth in this Article 8, and to such other conditions not inconsistent with the Plan, as may be reflected in the applicable Award Agreement.

8.02 Restricted Stock. If the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than delivered to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to execute and deliver to the Company (A) an escrow agreement satisfactory to the Committee, if applicable and (B) the appropriate blank stock power with respect to the Restricted Stock covered by such agreement. If a Participant fails to execute an Award Agreement evidencing a Restricted Stock Award and, if applicable, an escrow agreement and stock power, or such other agreements and documents, the Award shall be null and void. Subject to the restrictions set forth in the Award, the Participant generally shall have the rights and privileges of a shareholder as to such Restricted Stock, including the right to vote such Restricted Stock.

8.03 Dividend Equivalents on Restricted Stock. At the discretion of the Committee, a Participant may be granted the right to receive dividends; provided that any cash dividends and stock dividends with respect to the Restricted Stock shall be withheld by the Company for the Participant's account, and interest may be credited on the amount of the cash dividends withheld at a rate and subject to such terms as determined by the Committee. The cash dividends or stock dividends withheld shall be distributed to the Participant in cash or, at the discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends, if applicable, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

8.04 **<u>Restricted Stock Units</u>**. The terms and conditions of a grant of Restricted Stock Units shall be reflected in an Award Agreement. No Shares shall be issued at the time a Restricted Stock Unit is granted, and the Company will not be required to set aside a fund for the payment of any such Award. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.05 **<u>Dividend Equivalents on Restricted Stock Units</u>**. At the discretion of the Committee, each Restricted Stock Unit (representing one Share) may be credited with cash, Shares or other property equivalent to all or a portion of the dividends paid with respect to the outstanding Common Stock paid by the Company in respect of one Share ("**Dividend Equivalents**"). Dividend Equivalents shall be withheld by the Company for the Participant's account, and interest may be credited on the amount of cash Dividend Equivalents withheld at a rate and subject to such terms as determined by the Committee. Dividend Equivalents credited to a Participant's account and attributable to any particular Restricted Stock Unit (and earnings thereon, if applicable) shall be distributed in cash or, at the discretion of the Committee, in Shares having a Fair Market Value equal to the amount of such Dividend Equivalents and earnings, if applicable, to the Participant upon settlement of such Restricted Stock Unit and, if such Restricted Stock Unit is forfeited, the Participant shall have no right to such Dividend Equivalents.

8.06 **<u>Restrictions on Restricted Awards</u>.**

(a) Restricted Stock awarded to a Participant shall be subject to the following restrictions until the expiration of the Restricted Period, and to such other terms and conditions as may be set forth in the applicable Award Agreement: (A) if an escrow arrangement is used, the Participant shall not be entitled to delivery of the stock certificate, or exercise control over a book entry account; (B) the Shares shall be subject to the restrictions on transferability set forth in the Award Agreement or the Plan; (C) the Shares shall be subject to forfeiture to the extent provided in the applicable Award Agreement; and (D) to the extent such Shares are forfeited, the stock certificates shall be returned to the Company, or book entry positions cancelled, and all rights of the Participant to such Shares and as a shareholder with respect to such Shares shall terminate without further obligation on the part of the Company.

(b) A Restricted Stock Units Award shall be subject to forfeiture until the expiration of the Restricted Period, and satisfaction of any applicable Performance Goals during such period, to the extent provided in the applicable Award Agreement. If the Restricted Stock Units are forfeited, all rights of the Participant to such Restricted Stock Units shall terminate without further obligation on the part of the Company.

(c) The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock and Restricted Stock Units whenever it may determine that, by reason of changes in Applicable Laws or other changes in circumstances arising after the date the Restricted Stock or Restricted Stock Units are granted, such action is appropriate.

8.07 **<u>Delivery of Shares for Restricted Stock and Settlement of Restricted Stock Units</u>**.

(a) Delivery of Shares for Restricted Stock. Upon the expiration of the Restricted Period with respect to any Shares of Restricted Stock, the restrictions set forth in Section 8.04 and the applicable Award Agreement shall be of no further force or effect with respect to such Shares. If an escrow arrangement is used, upon such expiration, the Company shall cause a book entry notation to be made or deliver to the Participant, or his or her beneficiary, without charge, the stock certificate or book entry notation evidencing the Shares of Restricted Stock that have been released from forfeiture restrictions, plus any cash dividends or stock dividends credited to the Participant's account with respect to such Restricted Stock and the interest thereon, if any.

(b) Settlement of Restricted Stock Units. Upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall deliver to the Participant, or his or her beneficiary, without charge, one Share for each such outstanding Restricted Stock Unit ("**Vested Unit**") and cash equal to any Dividend Equivalents credited with respect to each such Vested Unit in accordance with Section 8.03 hereof and the interest thereon or, at the discretion of the Committee, in Shares having a Fair Market Value equal to such Dividend Equivalents and the interest thereon, if any; provided, however, that, if explicitly provided in the applicable Award Agreement, the Committee may, in its sole discretion, elect to pay part cash and part Shares in lieu of delivering only Shares for Vested Units. If a cash payment is made in lieu of delivering Shares, the amount of such payment shall be equal to the Fair Market Value of the Shares as of the date on which the Restricted Period lapsed with respect to each Vested Unit.

8.08 **Stock Certificate Restrictions**. Each certificate, or book entry account, representing Restricted Stock awarded under the Plan shall bear a legend in such form, or be subject to transfer restrictions, as the Company deems appropriate.

8.09 **Restricted Award Transferability**. A Restricted Award shall not be transferable except by will, by the laws of descent and distribution, or pursuant to a domestic relations order entered into by a court of competent jurisdiction.

8.10 **Termination of Continuous Service**. Unless otherwise provided in the terms of an Award Agreement, a time-vested Restricted Award may vest and be paid only: (a) while the Participant is an Employee, a Director or a Consultant to the Company, or an Affiliate, and (b) has maintained Continuous Service as an Employee, a Director or a Consultant since the Date of Grant of the Restricted Award, unless the Participant's Continuous Service ceases by reason of the Participant's termination without Cause, layoff, position elimination, death, Disability or Retirement.

Article 9. Performance Share Awards.

9.01 **Grant of Performance Share Awards**. Each Performance Share Award granted under the Plan, in Common Stock or share units based upon the performance of the Company during a Performance Period, shall be evidenced by an Award Agreement. Each Performance Share Award so granted shall be subject to the conditions set forth in this Article 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

9.02 **Earning Performance Share Awards**. The number of Performance Shares earned by a Participant will depend on the extent to which the Performance Goals established by the Committee are attained within the applicable Performance Period, as determined by the Committee.

9.03 **Dividend Equivalents on Performance Share Awards**. At the discretion of the Committee, each Performance Share Award (representing one Share) may be credited with Dividend Equivalents. Dividend Equivalents shall be withheld by the Company for the Participant's account, and interest (for cash-settled Dividend Equivalents) or additional Dividend Equivalents (for stock-settled Dividend Equivalents) may be credited on the amount of Dividend Equivalents withheld at a rate and subject to such terms as determined by the Committee. Dividend Equivalents credited to a Participant's account and attributable to any particular Performance Share Award (and earnings thereon, if applicable) shall be distributed in cash or, at the discretion of the Committee, in Shares having a Fair Market Value equal to the amount of such Dividend Equivalents and earnings, if applicable, to the Participant upon settlement of such Performance Share Award and, if such Performance Share Award is unearned or is forfeited, the Participant shall have no right to such Dividend Equivalents.

9.04 **Termination of Continuous Service**. Unless otherwise approved by the Committee at time of grant or in the Award Agreement, if the Continuous Service of a Participant is terminated for any reason a Performance Share Award will not vest and will be forfeited as provided in accordance with Article 11.

Article 10. Performance Compensation Awards.

10.01 General. The Committee shall have the authority, at the time of grant of any Award described in the Plan, to designate an Award as a Performance Compensation Award in order to qualify such Award as "performance-based compensation". In addition, the Committee shall have the authority to make an Award of a cash bonus to any Participant and designate such Award as a Performance Compensation Award in order to qualify such Award as "performance-based compensation" under the Plan.

10.02 Eligibility. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period the Participants that are eligible to receive Performance Compensation Awards in respect of such Performance Period. However, designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Compensation Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance Compensation Award shall be decided solely in accordance with the provisions of this Article 10.

10.03 Discretion of Committee with Respect to Performance Compensation Awards. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period (provided any such Performance Period shall be not less than one fiscal quarter in duration), the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply to the Performance Formula. Within the first 90 days of a Performance Period, the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 10.03 and record the same in writing.

10.04 Payment of Performance Compensation Awards.

(a) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(b) Limitation. A Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that: (A) the Performance Goals for such period are achieved; and/or (B) the Performance Formula, as applied against such Performance Goals indicates that all or some portion of such Participant's Performance Compensation Award has been earned for the Performance Period.

(c) Certification. Following the completion of a Performance Period, the Committee shall review and approve whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and approve the amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the amount of each Participant's Performance Compensation Award for the Performance Period.

(d) Use of Discretion. In determining the amount of an individual Performance Compensation Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period if, in its sole judgment, such reduction or elimination is appropriate. The Committee shall not have the discretion to grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained.

(e) Timing of Award Payments. Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Article 10, but in no event earlier than the end of the Performance Period or later than June 30 of the calendar year following the calendar year during which the Performance Period is completed. Payment of Awards to an individual Employee may be subject to an election to defer receipt under a nonqualified deferred compensation plan maintained by the Company.

Article 11. Vesting.

11.01 General. The Committee shall specify the vesting schedule or conditions of each Award. It shall be a condition to the vesting of any Award made under the Plan, whether or not set forth in an Award Agreement, that the Participant render Continuous Service to the Company or an Affiliate through the applicable vesting date or dates.

Notwithstanding any other provision of the Plan, Awards granted under the Plan, other than cash-based awards, shall vest no earlier than the first anniversary of the date on which the Award is granted (the "**Minimum Vesting Requirement**"); provided, that the following Awards shall not be subject to the foregoing: (i) any substitute Awards granted in connection with awards that are assumed, converted or substituted pursuant to a merger, acquisition or similar transaction entered into by the Company or any of its Affiliates; (ii) Shares delivered in lieu of fully vested cash obligations and (iii) any additional Awards the Committee may grant, up to a maximum of five percent (5%) of the available Share reserve authorized for issuance under the Plan pursuant to Section 4.01; and, provided further, that the Minimum Vesting Requirement does not apply to the Committee's discretion to provide for accelerated exercisability or vesting of any Award in cases of Retirement, death, Disability, a Change in Control, termination without Cause, layoff or position elimination as set forth in the Plan.

11.02 Time-Vested Awards and Dividend Equivalents.

(a) Three Year Cliff Vesting Standard. Awards that have a time or service-based vesting schedule and are not subject to performance vesting requirements ("**Time-Vested Awards**") will vest and become Exercisable, or have lapse of forfeiture restrictions, as applicable, (unless the Committee provides otherwise in the Award Agreement) on the third anniversary of the Date of Grant.

(b) Accelerated Vesting of Time-Vested Awards. All Stock Option and Stock Appreciation Rights Time-Vested Awards shall (unless the Committee provides otherwise in the Award Agreement) automatically vest upon termination without Cause, layoff, position elimination, death, Disability or Retirement. Forfeiture restrictions on Restricted Stock Time-Vested Awards shall (unless the Committee provides otherwise in the Award Agreement) automatically lapse upon termination without Cause, layoff, position elimination, death or Disability, but shall not automatically lapse upon Retirement. Forfeiture restrictions on Restricted Stock Unit Time-Vested Awards shall (unless the Committee provides otherwise in the Award Agreement) automatically lapse upon termination without Cause, layoff, position elimination, death, Disability or Retirement; provided, however, if a Restricted Stock Unit Time-Vested Award becomes payable upon Retirement (and such Retirement constitutes a separation from service within the meaning of Code Section 409A), such Restricted Stock Unit Time-Vested Award will not be paid until the date that is six months following such date of Retirement.

(c) Minimum One Year Vesting for Time-Vested Awards. In no event will the Committee, establish an initial vesting period or initial term in an Award Agreement for a Restricted Stock or Restricted Stock Unit Time Vested Award that is less than one year after the Date of Grant and, provided further, that the foregoing restriction does not apply to the Committee's discretion to provide for accelerated exercisability or vesting of any Award, including in cases of Retirement, death, Disability, a Change in Control, termination without Cause, layoff or position elimination, in the terms of the Award Agreement or otherwise.

(d) Retirement Vesting. In the case of Restricted Stock Units that vest pursuant to Article 11 (and subject to the six-month delay for payment of Time-Vested Restricted Stock Units payable upon Retirement), such Awards shall be settled no later than two and a half months following the end of the year in which such Award vests.

11.03 Performance Awards.

(a) General. Each Performance Share Award shall be subject to the Committee determination, based on Performance Goals for the Performance Periods to which such Award relates, as to whether the Award is earned and the extent to which it is earned.

(b) **Minimum One Year Vesting for Performance Share Awards**. In no event will the Committee, establish an initial vesting period or initial term in an Award Agreement for a Performance Award that is less than one year after the Date of Grant and, provided further, that the foregoing restriction does not apply to the Committee's discretion to provide for accelerated exercisability or vesting of any Award, including in cases of Retirement, death, Disability, a Change in Control, termination without Cause, layoff or position elimination in the terms of the Award Agreement or otherwise.

(c) **Retirement Vesting**. Upon a Participant's Retirement prior to the end of a Performance Period, the Committee may (i) determine the extent to which Performance Goals with respect to such Performance Period have been met during or with respect to the period of the Participant's active employment, and (ii) cause to be paid to the applicable Participant partial or full Awards for such future Performance Period based upon the Committee's determination of the degree of attainment of Performance Goals. Unless otherwise approved by the Committee at time of grant or in the Award Agreement, if the Continuous Service of a Participant is terminated for any reason a Performance Award will not vest and will be forfeited.

11.04 **Treatment of Dividends and Dividend Equivalents on Unvested Awards**. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that provides for or includes a right to dividends or dividend equivalents, if dividends are declared during the period that an Award is outstanding, such dividends (or dividend equivalents) shall either: (i) not be paid or credited with respect to such Award or (ii) be accumulated but remain subject to vesting requirement(s) to the same extent as the applicable Award and shall only be paid at the time or times such vesting requirement(s) are satisfied. In no event shall dividends or dividend equivalents be paid with respect to Options or Stock Appreciation Rights under the Plan.

Article 12. Changes in Capital Structure.

12.01 **Adjustment Upon Changes in the Common Stock**. In the event of any change in the Common Stock through merger, consolidation, reorganization, recapitalization, reincorporation, stock split, stock dividend or other change in the corporate structure of the Company, the Committee shall appropriately adjust the maximum number of Shares subject to the Plan, all Awards then currently outstanding, and the exercise price of Options and Stock Appreciation Rights, so that upon Exercise, the Participant shall receive the same number of Shares in exchange for the same aggregate exercise price he or she would have received had he or she been the holder of all Shares subject to his or her outstanding Options and Stock Appreciation Rights immediately before the effective date of such change in the capital structure of the Company, and the benefits, rights and features relating to Shares underlying Restricted Awards shall be appropriately adjusted consistent with such change in such manner as the Committee may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, participants in the Plan. Any such adjustment shall not result in the issuance of fractional shares, and the Committee shall round down the number of Shares subject to any outstanding Award unless the transaction that resulted in the capital structure change specifically authorizes a rounding up of the shares. Each such adjustment shall be made in such manner so as not to constitute a "modification" in the case of Incentive Stock Options as defined in Section 424 of the Code and in the case of Non-Qualified Stock Options, in such manner so as not to constitute a "modification" within the meaning of Section 409A of the Code. Any adjustments made under this Section 12.01 shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act.

12.02 **Adjustment Binding**. Any adjustment by the Committee pursuant to this Article 12 in the number of Shares subject to the Plan or to any outstanding Award, or to the exercise price stated in any Option or Stock Appreciation Right, or to the benefits, rights and features relating to Restricted Awards, shall be final, binding and conclusive. Notice of any adjustment shall be given by the Company to each Participant holding an Award which shall have been so adjusted.

12.03 **Adjustment to Grants**. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes in its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

Article 13. Effect of Change in Control.

13.01 General. Unless otherwise provided in an Award Agreement, notwithstanding any provision of the Plan to the contrary, in the event of a Participant's termination of Continuous Service without Cause during the 12-month period following a Change in Control, notwithstanding any provision of the Plan or any applicable Award Agreement to the contrary, all Options and Stock Appreciation Rights shall become immediately exercisable with respect to 100% of the Shares subject to such Options or Stock Appreciation Rights, and/or the Restricted Period shall expire immediately with respect to 100% of the shares of Restricted Stock or Restricted Stock Units as of the date of the Participant's termination of Continuous Service.

13.02 Committee Discretion. In the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the affected persons, cancel any outstanding Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per Share received or to be received by other shareholders of the Company. In the case of any Option or Stock Appreciation Right with an exercise price that equals or exceeds the price paid for a Share in connection with the Change in Control, the Committee may cancel the Option or Stock Appreciation Right without the payment of consideration therefor.

13.03 Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of the Company and its Affiliates, taken as a whole.

Article 14. Registration of Stock.

14.01 General. No Option granted pursuant to the Plan shall be exercisable, nor shall Restricted Stock vest, in whole or in part, if at any time the Committee shall determine in its discretion that the listing, registration or qualification of the Shares subject to such Option or the Restricted Stock on any securities exchange or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option (or the issuance of Shares thereunder) or the vesting of such Restricted Stock, unless such listing, registration, qualification, consent or approval may be effected or obtained free of any conditions not acceptable to the Committee.

14.02 Restrictions. If a registration statement under the Securities Act of 1933 (the "**Securities Act**") with respect to the Shares issuable upon Exercise of any Option, Restricted Stock or other Award granted under the Plan is not in effect at the time of Exercise, as a condition of the issuance of the Shares, the Committee may require the Participant receiving Shares pursuant to an Award to give the Committee a written statement, satisfactory in form and substance to the Committee, that he or she is acquiring the Shares for his or her own account for investment and not with a view to its distribution. The Company may place upon any stock certificate issued in connection with an Award the following legend or such other legend as the Committee may prescribe to prevent disposition of the Shares in violation of the Securities Act or any other applicable securities law:

> *"The shares represented by this certificate have not been registered under the Securities Act of 1933 (the "Act") and may not be sold, pledged, hypothecated or otherwise transferred or offered for sale in the absence of an effective registration statement covering such shares which has been filed under the Act or a written opinion of counsel for the Company that registration is not required."*

Article 15. Tax Withholding.

To the extent provided by the terms of an Award Agreement and subject to the discretion of the Committee, the Participant shall satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Shares under an Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means:

(a) tendering a cash payment;

(b) authorizing the Company to withhold Shares from the Shares otherwise issuable to the Participant as a result of the Exercise or acquisition of Shares under the Award to the maximum extent permitted by law or regulation; or

(c) delivering to the Company previously owned and unencumbered Shares of the Company.

Article 16. Amendment or Termination of the Plan.

16.01 **Amendment of the Plan**. The Board or the Committee may, at any time, amend, modify or suspend the Plan or any provision thereof, or the Board may terminate the Plan; provided that, except as provided in Article 12, the Board or Committee may not, without the consent of the shareholders of the Company, make any amendment or modification which:

(a) increases the maximum number of Shares as to which Awards may be granted under the Plan;

(b) changes the class of eligible Participants;

(c) effects a Repricing transaction;

(d) increases materially the benefits accruing to a Participant under the Plan; or

(e) otherwise requires the approval of the shareholders of the Company under Applicable Laws (including the requirements of Section 422 of the Code) or listing requirements relating to the Shares.

16.02 **Amendments Pertaining to Qualification**. Notwithstanding the provisions of Section 16.01 above, the Board reserves the right to amend or modify the terms and provisions of the Plan and of any outstanding Awards granted under the Plan to the extent necessary to qualify any or all Options granted under the Plan for such favorable federal income tax treatment (including deferral of taxation upon Exercise) as may be afforded employee stock options under Section 422 of the Code, the regulations promulgated thereunder, and any amendments or replacements thereof.

16.03 **Term of the Plan**. Unless previously terminated by the Board, the Plan shall terminate on, and no Award shall be granted after, the tenth anniversary of the Effective Date of the Plan.

16.04 **No Impairment of Rights**. No amendment, modification or termination of the Plan (whether by action of the Board or by expiration of the Plan term) shall in any manner negatively affect any Award theretofore granted under the Plan without the consent of the Participant or any person claiming under or through the Participant.

Article 17. General Provisions.

17.01 **Non-Uniform Treatment**. No Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants.

17.02 **<u>Shareholders</u>**. No Award shall confer on any Participant any of the rights of a shareholder of the Company unless and until Shares are duly issued or transferred to the Participant in accordance with the terms of the Award.

17.03 **<u>Employment or Service</u>**. Nothing contained in the Plan or any applicable award agreement shall confer upon any employee or other person any right to continue in the employ or service of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate his or her employment or service at any time or increase or decrease his or her compensation or fees from the rate in existence at the time of granting an Award.

17.04 **<u>Other Compensation Arrangements</u>**. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

17.05 **<u>Clawback</u>**. Notwithstanding any other provisions in the Plan or an Award Agreement, any Award which is, or may become, subject to recovery or forfeiture under any law, regulation, Company policy, or stock exchange listing requirement, will be subject to such recovery, forfeiture, deductions and clawback as may be required to be made pursuant to any policy implemented by the Company, or to effect such law, regulation, Company policy or stock exchange listing requirement, to clawback and Award under the Plan.

17.06 **<u>Recapitalizations</u>**. Each Award Agreement shall be deemed to contain provisions required to reflect the provisions of Article 12.

17.07 **<u>Delivery</u>**. Upon exercise of a right granted under the Plan, the Company shall issue Shares or pay any amounts due within a reasonable period of time thereafter. Subject to any statutory or regulatory obligations the Company shall issue Shares or pay any amounts due within a reasonable period of time thereafter.

17.08 **<u>Deferral of Awards</u>**. The Committee may establish one or more programs under the Plan to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of Shares or other consideration under an Award. The Committee may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Committee deems advisable for the administration of any such deferral program.

17.09 **<u>Section 409A</u>**. The Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Committee shall make a good faith effort to interpret and administer the Plan in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless Applicable Laws require otherwise. Notwithstanding anything to the contrary in the Plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, (a) amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant's termination of Continuous Service shall instead be paid on the first payroll date after the six-month anniversary of the Participant's separation from service (or the Participant's death, if earlier), and (b) amounts payable upon the termination of a Participant's Continuous Service shall only be payable if such termination constitutes a "separation from service" within the meaning of Section 409A of the Code. Notwithstanding the foregoing, neither the Company nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Participant under Section 409A of the Code and neither the Company nor the Committee will have any liability to any Participant for such tax or penalty.

17.10 **<u>Section 16 Compliance</u>**. It is the intent of the Company that the Plan satisfy, and be interpreted in a manner that satisfies, the applicable requirements of Rule 16b-3 as promulgated under Section 16 of the Exchange Act so that Participants will be entitled to the benefit of Rule 16b-3, or any other rule promulgated under Section

16 of the Exchange Act, and will not be subject to short-swing liability under Section 16 of the Exchange Act. Accordingly, if the operation of any provision of the Plan would conflict with the intent expressed in this Section 17.10, such provision to the extent possible shall be interpreted and/or deemed amended so as to avoid such conflict.

17.11 **Beneficiary Designation**. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries by whom any right under the Plan is to be exercised in case of such Participant's death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee and shall be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

17.12 **Unfunded Plan**. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of Shares or the payment of cash upon Exercise or payment of any Award. Proceeds from the issuance of Shares pursuant to Awards granted under the Plan shall constitute general funds of the Company. The expenses of the Plan shall be borne by the Company.

17.13 **Acceptance of Terms and Conditions**. By accepting any benefit under the Plan, each recipient of an Award under the Plan and each person claiming under or through such recipient shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Committee, the Company or the Board, in any case in accordance with the terms and conditions of the Plan.

17.14 **Liability**. Any liability of the Company or any Affiliate to any recipient of an Award under the Plan with respect to any Award shall be based solely upon contractual obligations created by the Plan and the Award Agreement. Neither the Company nor any Affiliate nor any member of the Committee or the Board, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability, in the absence of bad faith, to any party for any action taken or not taken in connection with the Plan, except as may expressly be provided by statute.

17.15 **Choice of Law**. The Plan shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to such state's choice of law provisions, except as superseded by applicable federal law.

17.16 **Severability**. If any of the provisions of the Plan or any Award Agreement is held to be invalid, illegal or unenforceable, whether in whole or in part, such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions shall not be affected thereby.

17.17 **Headings**. The words "Article," "Section" and "paragraph" shall refer to provisions of the Plan, unless expressly indicated otherwise. Wherever any words are used in the Plan or any Award agreement in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

Article 18. Effective Date.

The Plan was approved by the Board on March 15, 2022, and shall be submitted to shareholders for approval at the 2022 Annual Meeting of Shareholders of the Company. The "**Effective Date**" of the Plan shall be the date on which such shareholder approval is obtained.

EXHIBIT B

REPORT OF AUDIT COMMITTEE

February 22, 2022

To the Fulton Board:

We have reviewed and discussed with management Fulton's audited financial statements as of, and for the year ended, December 31, 2021.

We have discussed with representatives of KPMG LLP, Fulton's independent auditor, the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("**PCAOB**") and the Securities and Exchange Commission.

We have received and reviewed the written disclosures and the letter from the independent auditor required by the PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, as amended, by the PCAOB, and have discussed with KPMG the auditor's independence.

Based on the reviews and discussions referred to above, we recommend to the Board that the financial statements referred to above be included in Fulton's Annual Report for the year ended December 31, 2021.

Ronald H. Spair, Chair
Denise L. Devine, Vice Chair
Steven S. Etter
George W. Hodges
Ernest J. Waters

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021, or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-39680

FULTON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	23-2195389
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
One Penn Square P. O. Box 4887 Lancaster, Pennsylvania	17604
(Address of principal executive offices)	(Zip Code)

(717) 291-2411
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, $2.50 par value	FULT	The Nasdaq Stock Market, LLC
Depositary Shares, Each Representing 1/40th Interest in a Share of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A	FULTP	The Nasdaq Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and " emerging growth company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant, based on the average bid and asked prices on June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $2.5 billion. The number of shares of the registrant's Common Stock outstanding on February 18, 2022 was 160,522,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement of the Registrant for the Annual Meeting of Shareholders to be held on May 17, 2022 are incorporated by reference in Part III.

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Note: Some numbers contained in this Report may not sum due to rounding

FULTON FINANCIAL CORPORATION

GLOSSARY OF DEFINED ACRONYMS AND TERMS

ACL	Allowance for Credit Losses
AFS	Available for Sale
ALCO	Asset/Liability Management Committee
AML	Anti-Money Laundering
AOCI	Accumulated Other Comprehensive Income
APR	Annual percentage rate
ARC	Auction Rate Security
ARRC	Alternative Reference Rates Committee
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
ATM	Automated teller machine
bp or bps	Basis Point(s)
BSA	Bank Secrecy Act of 1970, as amended
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CCPA	California Consumer Privacy Act
CECL	Current Expected Credit Losses
CET1	Common Equity Tier 1
CFPB	Consumer Financial Protection Bureau
CFTC	Commodity Futures Trading Commission
Charter Consolidation	The 2019 consolidation of two of the Corporation's wholly owned banking subsidiaries into Fulton Bank
Corporation, Company, we our, or us	Fulton Financial Corporation
COVID-19	Coronavirus
CPI	Consumer Price Index
CRA	Community Reinvestment Act
DIF	Federal Deposit Insurance Fund
Directors' Plan	Amended and Restated Directors’ Equity Participation Plan
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
DTAs	Deferred Tax Assets
EAD	Exposure at Default
Economic Growth Act	Economic Growth, Regulatory Relief, and Consumer Protection Act
ECOA	Equal Credit Opportunity Act
Employee Equity Plan	Amended and Restated Equity and Cash Incentive Compensation Plan
ESG	Environmental, social and governance
ESPP	Employee Stock Purchase Plan
ETR	Effective Tax Rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FCA	United Kingdom Financial Conduct Authority
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act
Fed Funds Rate	Target Federal Funds Rate

Federal Reserve Board	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank
FinCEN	Financial Crimes Enforcement Network
Fintechs	Financial technology companies
FOMC	Federal Open Market Committee
Foreign Currency Nostro Accounts	Foreign currency with international correspondent banks
FRB	Federal Reserve Bank
FSOC	Financial Stability Oversight Council
FTE	Fully Taxable-Equivalent
Fulton Bank or the Bank	Fulton Bank, N.A.
GAAP	U.S. Generally Accepted Accounting Principles
GLBA	Gramm-Leach-Bliley Act
HTM	Held to Maturity
IDI	Insured depository institution
LGD	Loss Given Default
LIBOR	London Interbank Offered Rate
Management's Discussion	Management's Discussion and Analysis of Financial Condition and Results of Operations
MSRs	Mortgage Servicing Rights
NDAA	National Defense Authorization Act
Net Loans	Loans and Lease Receivables, (net of unearned income)
N/M	Not meaningful
NMTC	New Market Tax Credits
Net Loans	Loans and lease receivables, (net of unearned income)
OBS	Off-Balance-Sheet
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income
OREO	Other Real Estate Owned
OTTI	Other-Than-Temporary Impairment
Parent Company	Fulton Financial Corporation individually
Patriot Act	USA PATRIOT Act of 2001
PD	Probability of Default
PPP	Paycheck Protection Program
PSU	Performance-Based Restricted Stock Unit
QM	Qualified mortgage
RESPA	Real Estate Settlement Procedures Act
ROU	Right-of-Use
RSU	Restricted Stock Unit
RWA	Risk-weighted assets
SBA	Small Business Administration
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
Tax Act	Tax Cuts and Jobs Act of 2017
Tax Code	U.S. Internal Revenue Code of 1986, as amended
TCI	Tax Credit Investment
TDR	Troubled Debt Restructuring
TruPS	Trust Preferred Securities

TILA	Truth in Lending Act
Visa Shares	Visa, Inc. Class B restricted shares
Volcker Rule Regulators	FDIC, Federal Reserve Board, OCC, Commodity Futures Trading Commission and U.S. Securities and Exchange Commission

PART I

Item 1. Business

General

Fulton Financial Corporation was incorporated under the laws of Pennsylvania on February 8, 1982 and became a bank holding company through the acquisition of all of the outstanding stock of Fulton Bank on June 30, 1982. In 2000, the Corporation became a financial holding company as defined in the GLBA, which gave the Corporation the ability to expand its financial services activities under its holding company structure. See "Competition" and "Supervision and Regulation." The Corporation directly owns 100% of the common stock of Fulton Bank and eight non-bank entities.

The Corporation's Internet address is www.fultonbank.com. Electronic copies of the Corporation's 2021 Annual Report on Form 10-K are available free of charge by visiting "Investor Relations" at www.fultonbank.com. Electronic copies of quarterly reports on Form 10-Q and current reports on Form 8-K are also available at this Internet address. These reports, as well as any amendments thereto, are posted on the Corporation's website as soon as reasonably practicable after they are electronically filed with the SEC.

Banking and Financial Services Subsidiary

The Corporation, through its banking subsidiary, Fulton Bank, delivers financial services within its five-state market area (Pennsylvania, Delaware, Maryland, New Jersey and Virginia) in a personalized, community-oriented style that emphasizes relationship banking.

The Corporation operates in areas that are home to a wide range of manufacturing, distribution, health care and other service companies. The Corporation is not dependent upon one or a few customers or any one industry, and the loss of any single customer or a few customers would not have a material adverse impact on the Corporation. However, a large portion of the Corporation's loan portfolio is comprised of commercial loans, commercial mortgage loans and construction loans. See Item 1A. "Risk Factors - Economic and Credit Risks - The Corporation's loan portfolio composition and competition for loans subject the Corporation to credit risk."

The Corporation offers a full range of consumer and commercial banking products and services in its market area. Consumer banking services include various checking account and savings deposit products, certificates of deposit and individual retirement accounts. The Corporation offers a variety of consumer lending products to customers in its market areas. Secured consumer loan products include home equity loans and lines of credit, which are underwritten based on loan-to-value limits specified in the Corporation's lending policy. The Corporation also offers a variety of fixed, variable and adjustable rate products, including construction loans and jumbo residential mortgage loans. Residential mortgages are offered through Fulton Mortgage Company, an operating division of Fulton Bank. Consumer loan products also include automobile loans, personal lines of credit and checking account overdraft protection.

Commercial banking services are provided primarily to small and medium sized businesses (generally with sales of less than $150 million) in the Corporation's market area. The Corporation's policies limit the maximum total lending commitment to a single borrower to $55.0 million as of December 31, 2021, an amount that is significantly below the Corporation's regulatory lending limit. In addition, the Corporation has established lower total lending limits based on the Corporation's internal risk rating of the borrower and for certain types of lending commitments. Commercial lending products include commercial real estate loans, commercial and industrial loans, construction loans and equipment lease financing loans. Variable, adjustable and fixed rate loans are provided, with variable and adjustable rate loans generally tied to an index, such as the Prime Rate or LIBOR, as well as interest rate swaps. See Item 1A. "Risk Factors - Market Risks - The replacement of LIBOR as a financial benchmark presents risks to the financial instruments originated or held by the Corporation." The Corporation's commercial lending policy encourages relationship banking and provides strict guidelines related to customer creditworthiness and collateral requirements for secured loans. In addition, equipment lease financing, letters of credit, cash management services and traditional deposit products are offered to commercial customers.

Wealth management services, which include investment management, trust, brokerage, insurance and investment advisory services, are offered to consumer and commercial customers in the Corporation's market area by Fulton Financial Advisors, a division of Fulton Bank.

The Corporation delivers products and services through traditional financial center banking, with a network of financial center offices. Electronic delivery channels include a network of automated teller machines and telephone, mobile and online banking. The variety of available delivery channels allows customers to access their account information and perform certain transactions, such as depositing checks, transferring funds and paying bills, at any time of the day. As of December 31, 2021, Fulton Bank had 205 financial centers, not including remote service facilities (mainly stand-alone automated teller machines), and its main office located in Lancaster, Pennsylvania. On October 1, 2020, the Corporation announced that Fulton Bank had approved a plan to close 21 financial center offices and consolidate the operations of those offices into nearby financial centers operated by the Fulton Bank. The closure and consolidation of those financial center offices was completed on January 8, 2021.

Non-Bank Subsidiaries

The Corporation owns 100% of the common stock of five non-bank subsidiaries, which are consolidated for financial reporting purposes: (i) Fulton Financial Realty Company, which holds title to or leases certain properties where Corporation financial centers and other facilities are located; (ii) Central Pennsylvania Financial Corp., which owns limited partnership interests in partnerships invested primarily in low- and moderate-income housing projects; (iii) FFC Management, Inc., which owns certain passive investments; (iv) FFC Penn Square, Inc., which owns TruPS issued by a subsidiary of Fulton Bank; and (v) Fulton Insurance Services Group, Inc., which engages in the sale of various life insurance products.

The Corporation also owns 100% of the common stock of three non-bank subsidiaries that are not consolidated for financial reporting purposes.

The following table provides information for these non-bank subsidiaries, incorporated in the state of Delaware, whose sole assets consist of junior subordinated deferrable interest debentures issued by the Corporation, as of December 31, 2021:

Subsidiary	Total Assets (in thousands)
Columbia Bancorp Statutory Trust	$ 6,186
Columbia Bancorp Statutory Trust II	4,124
Columbia Bancorp Statutory Trust III	6,186

Competition

The banking and financial services industries are highly competitive. Within its geographic region, the Corporation faces direct competition from other commercial banks, varying in size from local community banks to regional and national banks, credit unions and non-bank entities. As a result of the wide availability of electronic delivery channels, the Corporation also faces competition from financial institutions that do not have a physical presence in the Corporation's geographic markets.

The industry is also highly competitive due to the various types of entities that now compete aggressively for customers that were traditionally served only by the banking industry. Under the current financial services regulatory framework, banks, insurance companies and securities firms may affiliate under a financial holding company structure, allowing their expansion into non-banking financial services activities that had previously been restricted. These activities include a full range of banking, securities and insurance activities, including securities and insurance underwriting, issuing and selling annuities and merchant banking activities. Moreover, the Corporation faces increased competition from certain non-bank entities, such as Fintechs and marketplace lenders that in many cases are not subject to the same regulatory compliance requirements as the Corporation. While the Corporation does not currently engage in many of the activities described above, entry into these businesses may enhance the Corporation's competitive position in the future.

Supervision and Regulation

The Corporation operates in an industry that is subject to laws and regulations that are enforced by a number of federal and state agencies. Changes in these laws and regulations, including interpretation and enforcement activities, could impact the cost of operating in the financial services industry, limit or expand permissible activities or affect competition among banks and other financial institutions.

The Corporation is a registered bank holding company that has elected to be treated as a financial holding company under the BHCA. The Corporation is regulated, supervised and examined by the Federal Reserve Board. Fulton Bank is a national banking association chartered under the laws of the United States and is primarily regulated by the OCC. In addition, the CFPB examines Fulton Bank for compliance with most federal consumer financial protection laws, including the laws relating to fair lending and prohibiting unfair, deceptive or abusive acts or practices in connection with the offer, sale or provision of consumer financial products or services and for enforcing such laws with respect to Fulton Bank and its affiliates.

Federal statutes that apply to the Corporation and its subsidiaries include the GLBA, the BHCA, the Dodd-Frank Act, the Federal Reserve Act, the National Bank Act and the Federal Deposit Insurance Act, among others. In general, these statutes, regulations promulgated thereunder, and related interpretations establish the eligible business activities of the Corporation, certain acquisition and merger restrictions, limitations on intercompany transactions (such as loans and dividends), cash reserve requirements, lending limitations, compliance with unfair, deceptive and abusive acts and practices prohibitions, limitations on investments, and capital adequacy requirements, among other things. Such laws and regulations are intended primarily for the protection of depositors, customers and the DIF, as well as to minimize risk to the banking system as a whole, and, as a result, these laws and regulations are not for the protection of the Corporation's shareholders or non-depository creditors.

The following discussion is general in nature and seeks to highlight some of the more significant regulatory requirements to which the Corporation is subject but does not purport to be complete or to describe all applicable laws and regulations.

Governmental and Regulatory Actions to Mitigate the Impact of the COVID-19 Pandemic - The COVID-19 pandemic has continued to cause extensive disruptions to the global economy, to businesses, and to the lives of individuals throughout the world. On March 27, 2020, the CARES Act was signed into law. The CARES Act was a $2.2 trillion economic stimulus bill that was intended to provide relief in the wake of the COVID-19 pandemic. There have also been several regulatory and legislative actions intended to help mitigate the adverse economic impact of COVID-19 on individuals, including several mandates from the federal bank regulatory agencies requiring financial institutions to work constructively with borrowers affected by COVID-19 and mandatory loan forbearances.

The bank regulatory agencies have indicated that adequate flexibility will be given to financial institutions who work with borrowers affected by COVID-19, and they have indicated that they will not criticize institutions who do so in a safe and sound manner. The federal bank regulatory agencies have also encouraged financial institutions to report accurate information to credit bureaus regarding relief provided to borrowers and have urged financial institutions to continue to assist those borrowers impacted by COVID-19. On April 2, 2020, the bank regulatory agencies issued a joint policy statement to facilitate mortgage servicers' ability to place consumers in short-term payment forbearance programs. This policy statement was followed by an interim final rule, on June 23, 2020, that was intended to make it easier for consumers to transition out of financial hardship caused by COVID-19. The rule provides that servicers do not violate Regulation X (which places restrictions and requirements upon lenders, mortgage brokers, or servicers of home loans related to consumers when they apply for and receive mortgage loans) by offering certain COVID-19-related loss mitigation options based on an evaluation of limited application information collected from the borrower. A final rule issued by the federal bank regulatory agencies on June 28, 2021, permits servicers to also offer certain COVID-19-related loan modification options based on the evaluation of an incomplete application. Federal and state moratoria on evictions and foreclosures that were implemented during 2020 in response to COVID-19 were extended late into 2021. Although these programs generally have expired, governmental authorities may take additional actions in the future to limit the adverse impact of COVID-19 on borrowers and tenants.

The PPP, originally established under the CARES Act and extended under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, authorized financial institutions to make federally-guaranteed loans to qualifying small businesses and non-profit organizations. These loans carry an interest rate of 1% per annum and a maturity of 2 years for loans originated prior to June 5, 2020 and 5 years for loans originated on or after that date. The PPP provides that such loans may be forgiven if the borrowers meet certain requirements with respect to maintaining employee headcount and payroll and the use of the loan proceeds after the loan is originated. Although the PPP program ended in accordance with its terms on May 31, 2021, outstanding PPP loans continue to go through the process of either being forgiven by the SBA or having claims pursued under the SBA guaranty.

The Federal Reserve Board, in cooperation with the Department of the Treasury, has established a number of financing and liquidity programs to support the participation by banks in COVID-19-related relief programs. The Main Street Lending Program, which terminated on January 8, 2021, was implemented with the objective of keeping credit flowing to small and mid-sized businesses that were in sound financial condition before the coronavirus pandemic but needed financing to maintain operations. The Paycheck Protection Liquidity Facility, which was terminated on July 30, 2021, supplied liquidity to PPP participating financial institutions through term financing backed by PPP loans, and the Money Market Mutual Fund Liquidity Facility, which expired on March 31, 2021, was intended to assist money market funds in meeting demands for redemptions by households and other investors, enhancing overall market functioning and credit provision to the broader economy.

Further, the federal bank regulatory agencies issued several interim final rules throughout the course of 2020 to neutralize the regulatory capital and liquidity effects for banks that participated in the Federal Reserve Board liquidity facilities and/or government relief programs. The treatment of PPP loans as liquid assets, as provided by these rules, was effective until July 30, 2021.

<u>BHCA</u> - The Corporation is subject to regulation and examination by the Federal Reserve Board and is required to file periodic reports and to provide additional information that the Federal Reserve Board may require. The BHCA regulates activities of bank holding companies, including requirements and limitations relating to capital, transactions with officers, directors and affiliates, securities issuances, dividend payments and extensions of credit, among others. The BHCA permits the Federal Reserve Board, in certain circumstances, to issue cease and desist orders and other enforcement actions against bank holding companies (and their non-banking affiliates) to correct or curtail unsafe or unsound banking practices. In addition, the Federal Reserve Board must approve certain proposed changes in organizational structure or other business activities before they occur. The BHCA imposes certain restrictions upon the Corporation regarding the acquisition of substantially all of the assets of, or direct or indirect ownership or control of, any bank for which it is not already the majority owner.

Source of Strength - Federal banking law requires bank holding companies such as the Corporation to act as a source of financial strength and to commit capital and other financial resources to each of their banking subsidiaries. This support may be required at times when the Corporation may not be able to provide such support without adversely affecting its ability to meet other obligations or when, absent such requirements, the Corporation might not otherwise choose to provide such support. If the Corporation is unable to provide such support, the Federal Reserve Board could instead require the divestiture of the Corporation's subsidiaries and impose operating restrictions pending the divestiture. If a bank holding company commits to a federal bank regulator that it will maintain the capital of its bank subsidiary, whether in response to the Federal Reserve Board's invoking its source of strength authority or in response to other regulatory measures, that commitment will be assumed by the bankruptcy trustee, and the bank will be entitled to priority payment in respect of that commitment.

The Economic Growth Act - In May 2018, the Economic Growth Act became law. Among other things, the Economic Growth Act amended certain provisions of the Dodd-Frank Act to raise the total asset threshold for mandatory applicability of enhanced prudential standards for bank holding companies to $250 billion and to allow the Federal Reserve Board to apply enhanced prudential standards to bank holding companies with between $100 billion and $250 billion in total assets to address financial stability risks or safety and soundness concerns. The Economic Growth Act's increased threshold took effect immediately for bank holding companies with total assets of less than $100 billion, including the Corporation.

The Economic Growth Act also enacted other important changes, for which the banking agencies issued certain corresponding guidance documents and implementing regulations, including:

- Raising the total asset threshold for Dodd-Frank Act company-run stress tests from $10 billion to $250 billion;
- Prohibiting federal banking agencies from imposing higher capital requirements for High Volatility Commercial Real Estate exposures unless such exposures meet the statutory definition for high volatility acquisition, development or construction loans in the Economic Growth Act;
- Exempting from appraisal requirements certain transactions involving real property in rural areas and valued at less than $400,000;
- Providing that reciprocal deposits are not treated as brokered deposits in the case of a "well capitalized" institution that received an "outstanding" or "good" rating on its most recent examination to the extent the amount of such deposits does not exceed the lesser of $5 billion or 20% of the bank's total liabilities; and
- Directing the CFPB to provide guidance on the applicability of the TILA-RESPA Integrated Disclosure rule to mortgage assumption transactions and construction-to-permanent home loans, as well the extent to which lenders can rely on model disclosures that do not reflect recent regulatory changes.

Given Fulton Bank's size, a number of additional benefits afforded to community banks under applicable asset thresholds are not available to Fulton Bank.

Consumer Financial Protection Laws and Enforcement - The CFPB and the federal banking agencies continue to focus attention on consumer protection laws and regulations. The CFPB is responsible for promoting fairness and transparency for mortgages, credit cards, deposit accounts and other consumer financial products and services and for interpreting and enforcing the federal consumer financial laws that govern the provision of such products and services. Federal consumer financial laws enforced by the CFPB include, but are not limited to, the ECOA, TILA, the Truth in Savings Act, Home Mortgage Disclosure Act, RESPA, the Fair Debt Collection Practices Act, and the Fair Credit Reporting Act. The CFPB is also authorized to prevent any institution under its authority from engaging in an unfair, deceptive, or abusive act or practice in connection with consumer financial products and services. As a residential mortgage lender, the Corporation is subject to multiple federal consumer protection statutes and regulations, including, but not limited to, those statutes and regulations referenced above.

In particular, fair lending laws prohibit discrimination in the provision of banking services. Fair lending laws include ECOA and the Fair Housing Act, both of which outlaw discrimination in credit and residential real estate transactions on the basis of prohibited factors including, among others, race, color, national origin, gender, and religion. A lender may be liable for policies that result in a disparate treatment of, or have a disparate impact on, a protected class of applicants or borrowers. If a pattern or practice of lending discrimination is alleged by a regulator, then that agency may refer the matter to the DOJ for investigation. Failure to comply with these and similar statutes and regulations can result in the Corporation becoming subject to formal or informal enforcement actions, the imposition of civil money penalties and consumer litigation.

The CFPB has exclusive examination and primary enforcement authority with respect to compliance with federal consumer financial protection laws and regulations by institutions under its supervision and is authorized, individually or jointly with the federal banking agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates such laws or regulations. The CFPB may bring an administrative enforcement proceeding or civil action in federal district court. In addition, in accordance with a memorandum of understanding entered into between the CFPB and the DOJ, the two agencies have agreed to coordinate efforts related to enforcing the fair lending laws, which includes information sharing and conducting joint investigations; however, the extent to which such coordination may actually occur is unpredictable and may change over time as the result of a number of factors, including changes in leadership at the DOJ and CFPB, as well as changes in the enforcement policies and priorities of each agency. As an independent bureau funded by the Federal Reserve Board, the CFPB may impose requirements that are more stringent than those of the other bank regulatory agencies.

As an IDI with total assets of more than $10 billion, Fulton Bank is subject to the CFPB's supervisory and enforcement authorities. The Dodd-Frank Act also permits states to adopt stricter consumer protection laws and authorizes state attorneys general to enforce consumer protection rules issued by the CFPB. As a result, Fulton Bank operates in a stringent consumer compliance environment.

Ability-to-pay rules and qualified mortgages - Under CFPB rules that implement TILA, mortgage lenders are required to make a reasonable and good faith determination, based on verified and documented information, that a consumer applying for a residential mortgage loan has a reasonable ability to repay the loan according to its terms. These rules prohibit creditors, such as Fulton Bank, from extending residential mortgage loans without regard for the consumer's ability to repay and add restrictions and requirements to residential mortgage origination and servicing practices. In addition, these rules restrict the imposition of prepayment penalties and compensation practices relating to residential mortgage loan origination. Mortgage lenders are required to determine consumers' ability to repay in one of two ways. The first alternative requires the mortgage lender to consider eight underwriting factors when making the credit decision. The mortgage lender may also originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a QM is a residential mortgage loan that does not have certain high-risk features, such as negative amortization, interest-only payments, balloon payments, or a term exceeding 30 years. In addition, to be a QM loan, the points and fees paid by a consumer cannot exceed 3% of the total loan amount, and the borrower's total debt-to-income ratio must be no higher than 43% (subject to certain limited exceptions for loans eligible for purchase, guarantee or insurance by a government sponsored enterprise or a federal agency).

In December 2020, the CFPB issued two final rules related to QM loans. The first rule replaces the strict debt-to-income (DTI) threshold for QM loans and provides that, in addition to existing requirements, a loan receives a conclusive presumption that the consumer had the ability to repay if the APR does not exceed the average prime offer rate for a comparable transaction by 1.5 percentage points or more as of the date the interest rate is set. Further, a loan receives a rebuttable presumption that the consumer had the ability to repay if the APR exceeds the average prime offer rate for a comparable transaction by 1.5 percentage points or more but by less than 2.25 percentage points. The second rule creates a new category of "seasoned" QM loans for those that meet certain performance requirements. Specifically, that rule allows a non-QM loan or a "rebuttable presumption" QM loan to receive a safe harbor from APR liability at the end of a "seasoning" period of at least 36 months as a "seasoned QM" if it satisfies certain product restrictions, points-and-fees limits, and underwriting requirements, and the loan meets the designated performance and portfolio requirements during the "seasoning period." The mandatory compliance date under the first final rule was July 1, 2021, but was subsequently delayed by the CFPB to October 1, 2022. The second final rule will apply to covered transactions for which institutions receive an application after the compliance date for the first final rule

Integrated disclosures under the RESPA and the TILA - Under CFPB rules, mortgage lenders are required to provide a loan estimate, not later than the third business day after submission of a loan application, and a closing disclosure at least three days prior to the loan closing. The loan estimate must detail the terms of the loan, including, among other things, expenses, projected monthly mortgage payments and estimated closing costs. The closing disclosure must include, among other things, closing costs and a comparison of costs reported on the loan estimate to actual charges to be applied at closing.

Volcker Rule - Provisions of the Dodd-Frank Act, commonly known as the "Volcker Rule," prohibit banks and their affiliates from engaging in proprietary trading and investing in and sponsoring hedge funds and private equity funds and other private funds that are, among other things, offered within specified exemptions to the Investment Company Act, known as "covered funds," subject to certain exemptions. In October 2019, the Volcker Rule Regulators finalized amendments, effective on January 1, 2020, but with a required compliance date of January 1, 2021, to their regulations implementing the Volcker Rule, tailoring compliance requirements based on the size and scope of a banking entity's trading activities and clarifying and amending certain definitions, requirements and exemptions. In June 2020, the Volcker Rule Regulators issued a final rule that modified the Volcker Rule's prohibition on banking entities' investing in or sponsoring "covered funds." The final rule (1) streamlined the covered funds portion of the rule; (2) addressed the extraterritorial treatment of certain foreign funds; and (3) permitted banking entities to offer financial services and engage in other activities that do not raise concerns that the Volcker Rule was intended to address.

The Corporation's investing and trading activities have and will continue to depend on, among other things, further rulemaking and guidance that may be issued by the Volcker Rule Regulators and the development of market practices and standards.

Capital Requirements - The Corporation and Fulton Bank are subject to risk-based requirements and rules issued by the federal banking agencies (the "Basel III Rules") that are based upon the final framework of the Basel Committee for strengthening capital and liquidity regulation. Under the Basel III Rules, the Corporation and Fulton Bank apply the standardized approach in measuring their RWA and regulatory capital.

Under the Basel III Rules, the Corporation and Fulton Bank are subject to the following minimum capital ratios:

- A minimum CET1 capital ratio of 4.50% of RWA;
- A minimum Tier 1 capital ratio of 6.00% of RWA;
- A minimum Total capital ratio of 8.00% of RWA; and
- A minimum Tier 1 leverage ratio (Tier 1 capital to a quarterly average of non-risk weighted total assets) of 4.00%.

The Basel III Rules also included a "capital conservation buffer" of 2.5%, composed entirely of CET1 capital, in addition to the minimum capital to RWA ratios outlined above, resulting in effective minimum CET1, Tier 1 and total capital ratios of 7.0%, 8.5% and 10.5%, respectively. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a capital ratio above the minimum, but below the conservation buffer, will face restrictions on dividends, equity repurchases, and executive compensation based on the amount of the shortfall and the institution's "eligible retained income" (that is, four quarter trailing net income, net of distributions and tax effects not reflected in net income). If Fulton Bank fails to maintain the required minimum capital conservation buffer, the Corporation will be subject to limits, and possibly prohibitions, on its ability to obtain capital distributions from Fulton Bank. If the Corporation does not receive sufficient cash dividends from Fulton Bank, it may not have sufficient funds to pay dividends on its capital stock, service its debt obligations or repurchase its common stock. In addition, the restrictions on payments of discretionary cash bonuses to executive officers may make it more difficult for the Corporation to retain key personnel. As of December 31, 2021, the Corporation and Fulton Bank exceeded the minimum capital requirements, including the capital conservation buffer, as prescribed in the Basel III Rules.

The Basel III Rules also provide that the largest banking institutions must adhere to additional countercyclical buffer and supplementary leverage ratio requirements. The Corporation and Fulton Bank are not presently subject to these requirements.

The Basel III Rules provide for a number of required deductions from and adjustments to CET1. These deductions and adjustments include, for example, goodwill, other intangible assets, and DTAs that arise from net operating loss and tax credit carryforwards net of any related valuation allowance. MSRs, DTAs arising from temporary differences that could not be realized through net operating loss carrybacks and investments in non-consolidated financial institutions must also be deducted from CET1 to the extent that they exceed certain thresholds. Through subsequent rulemaking, the federal banking agencies provided certain forms of relief to banking organizations, such as the Corporation and Fulton Bank, that are not subject to the advanced approaches framework.

The Corporation and Fulton Bank, as non-advanced approaches banking organizations, made a one-time, permanent election under the Basel III Rules to exclude the effects of certain components of AOCI included in shareholders' equity under GAAP in determining regulatory capital ratios.

Under the Basel III Rules, certain off-balance sheet commitments and obligations are converted into RWA, that together with on-balance sheet assets, are the base against which regulatory capital is measured. The Basel III Rules defined the risk-weighting categories for bank holding companies and banks that follow the standardized approach, such as the Corporation and Fulton Bank, based on a risk-sensitive analysis, depending on the nature of the exposure.

The Capital Simplifications Rules eliminated the standalone prior approval requirement in the Basel III Capital Rules for any repurchase of common stock. In certain circumstances, the Corporation's repurchases of its common stock may be subject to a prior approval or notice requirement under other regulations or policies of the Federal Reserve Board. Any redemption or repurchase of preferred stock or subordinated debt remains subject to the prior approval of the Federal Reserve Board.

The Basel Committee published the last version of the Basel III accord in 2017, generally referred to as "Basel IV." Among other things, these standards revise the Basel Committee's standardized approach for credit risk (including by recalibrating risk weights and introducing new capital requirements for certain "unconditionally cancellable commitments," such as unused credit card and home equity lines of credit) and provides a new standardized approach for operational risk capital. Under the Basel framework, these standards will generally be effective on January 1, 2022, with an aggregate output floor phasing in through January 1, 2027. Under the current U.S. capital rules, operational risk capital requirements and a capital floor apply only to advanced approaches institutions, and not the Corporation or Fulton Bank. The impact of Basel IV on the Corporation and Fulton Bank will depend on the manner in which it is implemented by the federal banking agencies. As of December 31, 2021, the Corporation and Fulton Bank exceed all capital requirements necessary to be deemed “well-capitalized” for all regulatory purposes under the capital rules.

Stress Testing and Capital Planning - As a result of the Economic Growth Act and implementing regulations adopted by the Federal Reserve Board and OCC, the Corporation and Fulton Bank are no longer subject to company-run stress testing requirements under the Dodd-Frank Act. The Federal Reserve Board continues to supervise the Corporation's capital planning and risk management practices through its regular supervisory process.

CECL Transitional Provisions - In June 2016, the FASB issued an accounting standard update, "Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments," which replaces the existing "incurred loss" model for recognizing credit losses with an "expected loss" model referred to as the CECL model. Under the CECL model, the Corporation is required to present certain financial assets carried at amortized cost, such as loans held for investment and HTM debt securities, at the net amount expected to be collected. The measurement of expected credit losses is based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. In December 2018, the federal banking agencies approved a final rule modifying their regulatory capital rules and providing an option to phase in over a period of three years the day-one regulatory capital effects of the CECL model. The final rule also revised the agencies' other rules to reflect the update to the accounting standards. The new CECL standard became effective for the Corporation on January 1, 2020. On August 26, 2020, the federal bank regulatory agencies issued a rule that allows institutions that adopted the CECL accounting standard in 2020 the option to mitigate the estimated capital effects of CECL for two years, followed by a three-year transition period. Taken together, these measures offer institutions a transition period of up to five years. The Corporation has elected to avail itself of the transition relief permitted under applicable regulations.

Prompt Corrective Action - The FDICIA established a system of prompt corrective action to attempt to resolve the problems of undercapitalized institutions. The FDICIA, among other things, establishes five capital categories for FDIC-insured banks: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." An IDI is treated as well capitalized if its total risk-based capital ratio is 10.00% or greater, its Tier 1 risk-based capital ratio is 8.00% or greater, its CET1 risk-based capital ratio is 6.50% or greater and its Tier 1 leverage capital ratio is 5.00% or greater, and it is not subject to any order or directive to meet a specific capital level. As of December 31, 2021, Fulton Bank's capital ratios were above the minimum levels required to be considered "well capitalized" by the OCC.

Under this system, the federal banking agencies are required to take certain, and authorized to take other, prompt corrective actions against undercapitalized institutions, the severity of which increase as the capital category of an institution declines, including restrictions on growth of assets and other forms of expansion. Generally, a capital restoration plan must be filed with the institution's primary federal regulator within 45 days of the date an institution receives notice that it is "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Although prompt corrective action regulations apply only to depository institutions and not to bank holding companies, the bank holding company must guarantee any such capital restoration plan in certain circumstances. The liability of the bank holding company under any such guarantee is limited to the lesser of five percent of the bank's assets at the time it became "undercapitalized" or the amount needed to comply. The bank holding company might also be liable for civil money damages for failure to fulfill that guarantee. In the event of the bankruptcy of the bank holding company, such guarantee would take priority over the bank holding company's general unsecured creditors.

In addition, regulators consider both risk-based capital ratios and other factors that can affect a bank's financial condition, including (i) concentrations of credit risk, (ii) interest rate risk, and (iii) risks from non-traditional activities, along with an institution's ability to manage those risks, when determining capital adequacy. This evaluation is made during the institution's safety and soundness examination. An institution may be downgraded to, or deemed to be in, a capital category that is lower than is indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters.

Brokered Deposits - The FDICIA and FDIC regulations limit the ability of an IDI, such as Fulton Bank, to accept, renew or roll over brokered deposits unless the institution is well-capitalized under the prompt corrective action framework described above, or unless it is adequately capitalized and obtains a waiver from the FDIC. In addition, less than well-capitalized banks are subject to restrictions on the interest rates they may pay on deposits. The characterization of deposits as "brokered" may result in the imposition of higher deposit assessments on such deposits. As mandated by the Economic Growth Act, the FDIC adopted a final rule in February 2019 to include a limited exception for reciprocal deposits for FDIC-IDIs that are well-rated and well-capitalized (or adequately capitalized and for which the FDIC-IDI has obtained a waiver from the FDIC as mentioned above). Under the limited exception, qualified FDIC-IDIs, like Fulton Bank, are able to except from treatment as "brokered" deposits the lesser of up to $5 billion, or 20% of the institution's total liabilities, in reciprocal deposits.

In December 2020, the FDIC issued a final rule amending its brokered deposits regulation. The rule sought to clarify and modernize the FDIC's regulatory framework for brokered deposits. Notable aspects of the rule included (i) the establishment of bright-line standards for determining whether an entity meets the statutory definition of "deposit broker"; (ii) the identification of a number of business relationships in which the agent or nominee is automatically not deemed to be a "deposit broker' because their primary purpose is not the placement of funds with depository institutions (the "primary purpose exception"); (iii) the establishment of a "more transparent" application process for entities that seek to rely upon the "primary purpose exception", but do not qualify for one of the identified business relationships to which the exception is automatically applicable; and (iv) the clarification that third parties that have an exclusive deposit-placement arrangement with one IDI is not considered a "deposit broker." The final rule took effect on April 1, 2021, and full compliance was required by January 1, 2022.

Loans and Dividends from Bank Subsidiary - There are various restrictions on the extent to which Fulton Bank can make loans and other extensions of credit (including credit exposure arising from repurchase and reverse repurchase agreements, securities borrowing and derivative transactions) to, or enter into certain transactions with, its affiliates, which include the Corporation and its non-bank subsidiaries. In general, these restrictions require that such transactions: (i) are limited, as to any one of the Corporation or its non-bank subsidiaries, to 10% of Fulton Bank's regulatory capital (20% in the aggregate to all such entities); (ii) satisfy certain qualitative limitations, including that any covered transaction be made on an arm's length basis; and (iii) in the case of extensions of credit, be secured by designated amounts of specified collateral.

For safety and soundness reasons, banking regulations also limit the amount of cash that can be transferred from Fulton Bank to the Parent Company in the form of dividends. Generally, dividends are limited to the lesser of the amounts calculated under an earnings retention test and an undivided profits test. Under the earnings retention test, without the prior approval of the OCC, a dividend may not be paid if the total of all dividends declared by a bank in any calendar year is in excess of the current year's net income combined with the retained net income of the two preceding years. Under the undivided profits test, a dividend may not be paid in excess of a bank's undivided profits. In addition, banks are prohibited from paying dividends when doing so would cause them to fall below the regulatory minimum capital levels. See "Note 11 - Regulatory Matters," in the Notes to Consolidated Financial Statements in Item 8 "Financial Statements and Supplementary Data" for additional information regarding regulatory capital and dividend and loan limitations.

Federal Deposit Insurance - The deposits of Fulton Bank are insured up to the applicable limits by the DIF, generally up to $250,000 per insured depositor. Fulton Bank pays deposit insurance premiums based on assessment rates established by the FDIC. The FDIC has established a risk-based assessment system under which institutions are classified and pay premiums according to their perceived risk to the DIF. In addition, the FDIC possesses backup enforcement authority over a depository institution holding company, such as the Corporation, if the conduct or threatened conduct of such bank holding company poses a risk to the DIF, although such authority may not be used if the bank holding company is generally in sound condition and does not pose a foreseeable and material risk to the DIF.

FDIC assessment rates for large institutions that have more than $10 billion in assets, such as Fulton Bank, are calculated based on a "scorecard" methodology that seeks to capture both the probability that an individual large institution will fail and the magnitude of the impact on the DIF if such a failure occurs that is based primarily on the difference between the institution's average of total assets and average tangible equity. The FDIC has the ability to make discretionary adjustments to the total score, up or down, based upon significant risk factors that are not adequately captured in the scorecard. For large institutions, including Fulton Bank, after accounting for potential base-rate adjustments, the total assessment rate could range from 1.5 to 40 basis points on an annualized basis. An institution's assessment is determined by multiplying its assessment rate by its assessment base, which is asset based.

The Tax Act disallows the deduction of FDIC deposit insurance premium payments for banking organizations with total consolidated assets of $50 billion or more. For banks with less than $50 billion in total consolidated assets, such as Fulton Bank, the premium deduction is phased out based on the proportion of the bank's assets exceeding $10 billion.

AML Requirements and the Patriot Act - The Patriot Act amended the BSA and other AML laws and regulations and imposed affirmative obligations on a wide range of financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing.

Among other requirements, the Patriot Act and related regulations impose the following requirements on financial institutions:

- Establishment of AML programs;
- Establishment of a program specifying procedures for obtaining identifying information from customers seeking to open new accounts, including verifying the identity of customers within a reasonable period of time;
- Establishment of enhanced due diligence policies, procedures and controls designed to detect and report money laundering; and
- Prohibition on correspondent accounts for foreign shell banks and compliance with recordkeeping obligations with respect to correspondent accounts of foreign banks.

Failure to comply with the requirements of the Patriot Act and other AML laws and regulations could have serious legal, financial, regulatory and reputational consequences. In addition, bank regulators will consider a bank holding company's effectiveness in combating money laundering when ruling on BHCA and Bank Merger Act applications. In addition, financial institutions are subject to customer due diligence requirements, issued by the FinCEN, to identify and verify the identity of natural persons, known as beneficial owners, who own, control, and profit from legal entity customers when those customers open accounts. The Corporation has adopted policies, procedures and controls to address compliance with the Patriot Act and other AML laws and regulations, and it will continue to revise and update its policies, procedures and controls to reflect required changes. See Item 1A. "Risk Factors - Legal, Compliance and Reputational Risks - Failure to comply with the BSA, the Patriot Act and related AML requirements, or with sanctions laws, could subject the Corporation to enforcement actions, fines, penalties, sanctions and other remedial actions."

On January 1, 2021, the NDAA was signed into law, which enacted the most significant overhaul of the BSA and other AML-related laws since the Patriot Act. Notable aspects of the NDAA include: (i) significant changes to the collection of beneficial ownership and the establishment of a beneficial ownership registry that requires corporate entities (generally, any corporation, limited liability company, or other similar entity with 20 or fewer employees and annual gross income of $5 million or less) to report beneficial ownership information to FinCEN (which will be maintained by FinCEN and made available upon request to financial institutions); (ii) enhanced whistleblower provisions that provide that one or more whistleblowers who voluntarily provide original information leading to the successful enforcement of violations of the BSA or other AML-related laws in any judicial or administrative action brought by the Secretary of the Treasury or the Attorney General resulting in monetary sanctions exceeding $1 million (including disgorgement and interest but excluding forfeiture, restitution, or compensation to victims) will receive not more than 30 percent of the monetary sanctions collected and will receive increased protections; (iii) increased penalties for violations of the BSA; (iv) improvements to existing information sharing provisions that permit financial institutions to share information relating to suspicious activity reports with foreign branches, subsidiaries, and affiliates (except those located in China, Russia, or certain other jurisdictions) for the purpose of combating illicit finance risks; and (v) expanded duties and powers of FinCEN. Many of the new provisions, including those with respect to beneficial ownership, require the Department of Treasury and FinCEN to promulgate rules. On December 8, 2021, FinCEN issued proposed regulations that would implement the amendments with respect to beneficial ownership.

Commercial Real Estate Guidance - Under guidance issued by the federal banking agencies, the agencies have expressed concerns with institutions that ease commercial real estate underwriting standards and have directed financial institutions to maintain underwriting discipline and exercise risk management practices to identify, measure and monitor lending risks. The agencies have also issued guidance that requires a financial institution to employ enhanced risk management practices if the institution is exposed to significant concentration risk. Under that guidance, an institution is potentially exposed to significant concentration risk if: (i) total reported loans for construction, land development, and other land represent 100% or more of total capital or (ii) total reported loans secured by multi-family and non-farm residential properties, loans for construction, land development, and other land loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300% or more of total capital, and the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50% or more during the prior 36 months.

Community Reinvestment - Under the CRA, Fulton Bank has a continuing and affirmative obligation, consistent with its safe and sound operation, to ascertain and meet the credit needs of its entire community, including low- and moderate-income areas. The CRA does not establish specific lending requirements or programs for financial institutions, nor does it limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. The CRA requires an institution's primary federal regulator, in connection with its examination of the institution, to assess the institution's record of meeting the credit needs of its community and to take such record into account in its evaluation of certain applications by such institution. The assessment focuses on three tests: (i) a lending test, to evaluate the institution's record of making loans, including community development loans, in its designated assessment areas; (ii) an investment test, to evaluate the institution's record of investing in community development projects, affordable housing, and programs benefiting low- or moderate-income individuals and areas and small businesses; and (iii) a service test, to evaluate the institution's delivery of banking services throughout its CRA assessment area, including low- and moderate-income areas. The CRA also requires all institutions to make public disclosure of their CRA ratings. As of December 31, 2021, Fulton Bank was rated as "outstanding." Regulations require that Fulton Bank publicly disclose certain agreements that are in fulfillment of CRA. Fulton Bank is not a party to any such agreements at this time. The federal banking agencies have expressed interest in, and the OCC has taken certain steps toward, reform of the CRA's implementing regulations; however, the agencies have not yet agreed upon a common framework for reform.

Standards for Safety and Soundness - Pursuant to the requirements of FDICIA, as amended by the Riegle Community Development and Regulatory Improvement Act of 1994, the federal bank regulatory agencies adopted guidelines establishing general standards relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, asset quality, earnings, compensation, fees and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. In addition, the agencies adopted regulations that authorize, but do not require, an agency to order an institution that has been given notice by an agency that it is not satisfying any of such safety and soundness standards to submit a compliance plan. If the institution fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the regulator must issue an order directing corrective actions and may issue an order directing other actions of the types to which a significantly undercapitalized institution is subject under the "prompt corrective action" provisions of FDICIA. If the institution fails to comply with such an order, the regulator may seek to enforce such order in judicial proceedings and to impose civil money penalties.

The guidelines prohibit excessive compensation to any executive officer, employee, director or principal shareholder as an unsafe and unsound practice. The guidelines provide that compensation will be considered excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. The federal banking agencies have issued guidance that provides that, to be consistent with safety and soundness principles, a banking organization's incentive compensation arrangements should: (i) provide employees with incentives that appropriately balance risk and reward; (ii) be compatible with effective controls and risk management; and (iii) be supported by strong corporate governance, including active and effective oversight by the banking organization's board of directors. Monitoring methods and processes used by a banking organization should be commensurate with the size and complexity of the organization and its use of incentive compensation.

The Dodd-Frank Act requires federal banking agencies and the SEC to establish joint regulations or guidelines for specified entities, including the Corporation and Fulton Bank, that have at least $1 billion in total assets, prohibiting incentive-based compensation arrangements that encourage inappropriate risk-taking by an executive officer, employee, director or principal shareholder that could lead to material financial loss to the entity. In addition, these regulations or guidelines must require enhanced disclosure with respect to incentive-based compensation arrangements. The agencies have not yet finalized these rules; however, on October 14, 2021, the SEC signaled a renewed interest in this rulemaking initiative by re-opening the comment period on a proposed rule issued originally in 2015 regarding clawbacks of incentive-based executive compensation. On January 27, 2022, the SEC extended this comment period until March 4, 2022. The scope and content of the federal banking agencies' policies on executive compensation may continue to evolve in the near future.

Privacy Protection and Cybersecurity - Fulton Bank is subject to regulations implementing the privacy protection provisions of the GLBA. These regulations require Fulton Bank to disclose its privacy policy, including identifying with whom it shares "nonpublic personal information," to customers at the time of establishing the customer relationship and annually thereafter. The regulations also require Fulton Bank to provide its customers with initial and annual notices that accurately reflect its privacy policies and practices. In addition, to the extent its sharing of such information is not covered by an exception, Fulton Bank is required to provide its customers with the ability to "opt-out" of having Fulton Bank share a customer's nonpublic personal information with unaffiliated third parties.

Fulton Bank is also subject to regulatory guidelines establishing standards for safeguarding customer information. These regulations implement certain provisions of the GLBA. The guidelines describe the federal bank regulatory agencies' expectations for the creation, implementation and maintenance of an information security program, that includes administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information security and the use of third parties in the provision of financial services.

Certain states have enacted laws establishing consumer privacy protections and data security requirements in their respective states. For example, the CCPA gives California residents new rights to receive certain disclosures regarding the collection, use, and sharing of "Personal Information," as well as rights to access, delete, and restrict the sale of certain personal information. The CCPA, which was amended in November 2020 by a ballot initiative titled the California Privacy Rights Act, went into effect on January 1, 2020, and Fulton Bank is required to comply with the CCPA in serving the small number of its customers that are residents of California. Privacy and data security legislation remained a priority issue in 2021. Attempts by state and local governments to regulate consumer privacy have the potential to create a patchwork of differing and/or conflicting state regulations. In addition, Congress and federal regulatory agencies are considering similar laws or regulations that could create new individual privacy rights and impose increased obligations on companies handling personal data. For example, on November 23, 2021, the federal financial regulatory agencies published a final rule that will impose on banking organizations and their service providers new notification requirements for significant cybersecurity incidents. Specifically, the final rule requires banking organizations to promptly notify their primary federal regulator as soon as possible and no later than 36 hours after the discovery of a "computer security incident" that rises to the level of a "notification incident" within the meaning attributed to those terms by the final rule. Banks' services providers are required under the final rule to notify any affected bank to or on behalf of which the service provider provides services "as soon as possible" after determining that it has experienced an incident that materially disrupts or degrades, or is reasonably likely to materially disrupt or degrade, covered services provided to such bank for four or more hours. The final rule will take effect on April 1, 2022, and banks and their service providers must be in compliance with the requirements of the rule by May 1, 2022.

Federal Reserve System - Federal Reserve Board regulations require depository institutions to maintain cash reserves against specified deposit liabilities. The dollar amount of a depository institution's reserve requirement is determined by applying the reserve ratios specified in the Federal Reserve Board's Regulation D to an institution's reservable liabilities (primarily net transaction accounts such as negotiable order of withdrawal and demand deposit accounts). A reserve of 3% must be maintained against aggregate transaction account balances of between $16.9 million and $127.5 million (subject to adjustment by the Federal Reserve Board) plus a reserve of 10% (subject to adjustment by the Federal Reserve Board within a range of between 8% and 14%) against that portion of total transaction account balances in excess of $127.5 million. The first $16.9 million of otherwise reservable balances (subject to adjustment by the Federal Reserve Board) are exempt from the reserve requirements. Fulton Bank is in compliance with the foregoing requirements.

Required reserves must be maintained in the form of either vault cash, an account at a FRB or a pass-through account as defined by the Federal Reserve Board. Pursuant to the Emergency Economic Stabilization Act of 2008, the FRB pays interest on depository institutions' required and excess reserve balances. The interest rate paid on required reserve balances is currently the average target federal funds rate over the reserve maintenance period. The rate on excess balances will be set equal to the lowest target federal funds rate in effect during the reserve maintenance period.

On December 22, 2020, the Federal Reserve Board issued a final rule that amends Regulation D by lowering the reserve requirement ratios on transaction accounts maintained at depository institutions to 0%. It is currently unclear if the reduction of the reserve requirements on transaction accounts is permanent. Any potential impact of the rule on the Bank's lending activities is also unclear.

Acquisitions - The BHCA requires a bank holding company to obtain the prior approval of the Federal Reserve Board before:

- the company may acquire direct or indirect ownership or control of any voting shares of any bank or savings and loan association, if after such acquisition the bank holding company will directly or indirectly own or control more than five percent of any class of voting securities of the institution;
- the company may acquire direct or indirect ownership or control of any voting shares of any bank or savings and loan association, if after such acquisition the bank holding company will directly or indirectly own or control more than five percent of any class of voting securities of the institution; or
- the company may merge or consolidate with any other bank or financial holding company.

Prior regulatory approval is also generally required for mergers, acquisitions and consolidations involving other IDIs. In reviewing acquisition and merger applications, the bank regulatory authorities will consider, among other things, the competitive effect of the transaction, financial and managerial issues, the capital position of the combined organization, convenience and needs factors, including the applicant's CRA record, the effectiveness of the subject organizations in combating money laundering activities, and the transaction's effect on the stability of the U.S. banking or financial system.

On July 9, 2021, President Biden issued an Executive Order on Promoting Competition in the American Economy. Among other initiatives, the Executive Order encouraged the federal banking agencies to review their current merger oversight practices under the BHCA and the Bank Merger Act and adopt a plan for revitalization of such practices. There are many steps that must be taken by the agencies before any formal changes to the framework for evaluating bank mergers can be finalized and the prospects for such action are uncertain at this time. The adoption of more expansive or prescriptive standards may have an impact on the Corporation's acquisition activities.

The Change in Bank Control Act prohibits a person, entity or group of persons or entities acting in concert, from acquiring "control" of a bank holding company or bank unless the Federal Reserve Board has been given prior notice and has not objected to the transaction. Under Federal Reserve Board regulations, the acquisition of 10% or more (but less than 25%) of the voting stock of a corporation would, under the circumstances set forth in the regulations, create a rebuttable presumption of acquisition of control of the corporation.

Effective September 30, 2020, the Federal Reserve finalized a rule that simplifies and increases the transparency of its rules for determining when one company controls another company for purposes of the BHCA and, on March 31, 2021, the Federal Reserve Board published interpretive guidance regarding the final rule and related regulatory control matters. The amended control rule has had, and will likely continue to have, a meaningful impact on control determinations related to investments in banks and bank holding companies and investments by bank holding companies in nonbank companies.

Permissible Activities - As a bank holding company, the Corporation may engage in the business of banking, managing or controlling banks, performing servicing activities for subsidiaries, and engaging in activities that the Federal Reserve Board has determined, by order or regulation, are so closely related to banking as to be a proper incident thereto. As a financial holding company, the Corporation may also engage in or acquire and retain the shares of a company engaged in activities that are financial in nature or incidental or complementary to activities that are financial in nature as long as the Corporation continues to meet the eligibility requirements for financial holding companies, including that the Corporation and each of its U.S. depository institution subsidiaries remain "well-capitalized" and "well-managed."

A depository institution is considered "well-capitalized" if it satisfies the requirements of the Prompt Corrective Action framework described above. A depository institution is considered "well-managed" if it received a composite rating and management rating of at least "satisfactory" in its most recent examination. If a financial holding company ceases to be well-capitalized and well-managed, the financial holding company must enter into a non-public confidential agreement with the Federal Reserve Board to comply with all applicable capital and management requirements. Until the financial holding company returns to compliance, the Federal Reserve Board may impose limitations or conditions on the conduct of its activities, and the company may not commence any new non-banking financial activities permissible for financial holding companies or acquire a company engaged in such financial activities without prior approval of the Federal Reserve Board. If the company does not timely return to compliance, the Federal Reserve Board may require divestiture of the financial holding company's banking subsidiaries. Bank holding companies and banks must also be well-capitalized and well-managed in order to acquire banks located outside their home state. A financial holding company will also be limited in its ability to commence non-banking financial activities or acquire a company engaged in such financial activities if any of its IDI subsidiaries fails to maintain a "satisfactory" rating under the CRA.

Activities that are "financial in nature" include securities underwriting, dealing and market making, advising mutual funds and investment companies, insurance underwriting and agency, merchant banking, and activities that the Federal Reserve Board, in consultation with the Secretary of the Treasury, determines to be financial in nature or incidental to such financial activity.

"Complementary activities" are activities that the Federal Reserve Board determines upon application to be complementary to a financial activity and that do not pose a safety and soundness issue.

Enforcement Powers of Federal Banking Regulators - The Federal Reserve Board and other U.S. banking agencies have broad enforcement powers with respect to an IDI and its holding company, including the power to (i) impose cease and desist orders, substantial fines and other civil penalties, (ii) terminate deposit insurance, and (iii) appoint a conservator or receiver. Failure to comply with applicable laws or regulations could subject the Corporation or Fulton Bank, as well as their officers and directors, to administrative sanctions and potentially substantial civil and criminal penalties.

In addition, under the BHCA, the Federal Reserve Board has the authority to require a bank holding company to terminate any activity or to relinquish control of a non-bank subsidiary upon the Federal Reserve Board's determination that such activity or control constitutes a serious risk to the financial soundness and stability of a depository institution subsidiary of the bank holding company.

Federal Securities Laws - The Corporation is subject to the periodic reporting, proxy solicitation, tender offer, insider trading, corporate governance and other requirements under the Exchange Act. Among other things, the federal securities laws require management to issue a report on the effectiveness of its internal controls over financial reporting. In addition, the Corporation's independent registered public accountants are required to issue an opinion on the effectiveness of the Corporation's internal control over financial reporting. These reports can be found in Part II, Item 8, "Financial Statements and Supplementary Data." Certifications of the Chief Executive Officer and the Chief Financial Officer as required by the Sarbanes-Oxley Act of 2002 and the resulting SEC rules can be found in the "Signatures" and "Exhibits" sections.

Climate-Related Risk Management and Regulation

In recent years the federal banking agencies have increased their focus on climate-related risks impacting the operations of banks, the communities they serve and the broader financial system. Accordingly, the agencies have begun to enhance their supervisory expectations regarding the climate risk management practices of larger banking organizations, including by encouraging such banks to: (i)ensure that management of climate-related risk exposures has been incorporated into existing governance structures; (ii) evaluate the potential impact of climate-related risks on the bank’s financial condition, operations and business objectives as part of its strategic planning process; (iii) account for the effects of climate change in stress testing scenarios and systemic risk assessments; (iv) revise expectations for credit portfolio concentrations based on climate-related factors; (v) consider investments in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change; (vi) evaluate the impact of climate change on the bank’s borrowers and consider possible changes to underwriting criteria to account for climate-related risks to mortgaged properties; (vii) incorporate climate-related financial risk into the bank’s internal reporting, monitoring and escalation processes; (viii) and prepare for the transition risks associated with the adjustment to a low-carbon economy as well as related changes in laws, regulations, governmental policies, technology, and consumer behavior and expectations.

On October 21, 2021, the FSOC published a report identifying climate-related financial risks as an "emerging threat" to financial stability. On December 16, 2021, the OCC issued proposed principles for climate-related financial risk management for national banks with more than $100 billion in total assets. Although these risk management principles, if adopted as proposed, would not apply to Fulton Bank based upon its current size, the OCC has indicated that all banks, regardless of their size, may have material exposures to climate-related financial and other risks that require prudent management. The federal banking agencies, either independently or on an interagency basis, are expected to adopt a more formal climate risk management framework for larger banking organizations in the coming months. As climate-related supervisory guidance is formalized, and relevant risk areas and corresponding control expectations are further refined, the Corporation may be required to expend significant capital and incur compliance, operating, maintenance and remediation costs in order to conform to such requirements.

In addition, states are considering taking similar actions on climate-related financial risks, including certain states in which the Corporation operates. For example, the Governor of Pennsylvania has announced the Pennsylvania Climate Action Plan of 2021 that will, in part, focus on the negative impact businesses have on greenhouse gas emissions. Further, Virginia’s omnibus Virginia Clean Economy Act enacted provisions with the goal of the Commonwealth being carbon-free by 2045; and, after the Governor of Maryland reauthorized the Greenhouse Gas Emissions Reduction Act of 2016, the Maryland Department of

Environment released the 2030 Greenhouse Gas Reduction Act Plan. Once fully implemented, these measures will, at least in part, focus on the greenhouse gases impact that businesses have in the respective states in which they operate.

Human Capital

The Corporation's workforce at December 31, 2021 consisted of approximately 3,200 full-time equivalent employees, compared to approximately 3,300 full-time equivalent employees at December 31, 2020. Workforce numbers can fluctuate over time, and employee attrition is a function of many factors. In 2021, the Corporation experienced slightly higher vacancy and turnover than in 2020, similar to many companies.

Employee Engagement and Retention

The Corporation places a premium on having a highly engaged workforce because engaged employees tend to perform at a higher level, support the Corporation's success, and are more likely to remain with the organization. The Corporation conducts an annual survey of its workforce to measure employee engagement, assess employee morale, and help to identify areas of the employee experience that could be improved. The Corporation then tasks its leaders to develop and implement communication and action plans aimed at engaging with their respective teams to gain a better understanding of the results of the assessment, and to foster enhanced future engagement.

Leaders at the Corporation are held accountable for employee engagement scores for the teams they lead as each leader's engagement score is included in their annual performance review. Additionally, aggregated employee engagement assessment results are reported to the Corporation's Board of Directors, as a key indicator to the health and well-being of the workforce.

Culture, Diversity and Inclusion

The Corporation believes that building relationships matters. This belief includes relationships with clients and customers and relationships among employees. In recent years, the Corporation has placed significant emphasis on developing its corporate culture, and now considers its culture to be one of the primary components of its continuing success. The Corporation's culture-shaping program, *The Fulton Experience*, is a highly engaging program that is intended to spark new ways of thinking about employees' individual roles, how employees collaborate, and how employees and the Corporation grow together. The Corporation believes that it succeeds as a company because it values the teamwork of its employees and fosters a culture around that belief. More recently, the Corporation has been applying that same emphasis to the development of a diverse, equitable, and inclusive workforce. The Corporation recognizes that having a diverse, equitable, and inclusive culture and workforce encourages employees to share their opinions and different perspectives, fosters a culture of respect, and are crucial elements of a successful organization. In 2021, the Corporation undertook many initiatives to increase diversity, equity, and inclusion including, but not limited to, providing allyship training to leaders, conducting senior leader listening tours on diversity, equity and inclusion topics, and supporting the launch of several employee resource groups.

Compensation and Rewards

The Corporation invests in its workforce by offering competitive salaries, incentives, and benefits that are part of the Corporation's pay for performance culture. This is implemented through a number of incentive programs that are tailored to drive performance in the business units as well as at the corporate level.

Workforce Recruitment and Development

The Corporation recruits its workforce, filling both vacant and new positions, largely through the posting of such positions on its own website, on social media platforms, and through talent recruiting efforts by internal and third- party recruiters. The Corporation provides for professional development of new and existing employees largely through the efforts of its Center for Learning and Talent Development that develops and administers a wide variety of training programs for professional development. The Corporation also provides for a number of off-site, third-party offerings in which employees can further enhance their skills, knowledge and leadership potential. One such example, afforded to employees with future leadership potential, is through the Corporation's participation in the Stonier School of Banking sponsored by the American Bankers Association.

COVID-19 Response

During 2021, the Corporation continued to navigate the COVID-19 environment. From the start of the COVID-19 pandemic, the Corporation has been committed to supporting its employees, customers, and communities. The Corporation adheres to the Centers for Disease Control and states' guidance in supporting the safety of employees and customers, and the Corporation continues to encourage, and provides incentives, to employees to get vaccinated.

The safety, health and wellness of the Corporation's employees remains a top priority. The COVID-19 pandemic continues to be a unique challenge with regard to maintaining workforce safety while continuing successful operations, particularly at financial center locations where employees routinely interact with the public.

Executive Officers

The executive officers of the Corporation are as follows:

Name	Age	Office Held and Term of Office
E. Philip Wenger 	64	Director of the Corporation since 2009 and Director of Fulton Bank, N.A since 2019. Chairman of the Board and Chief Executive Officer of the Corporation since January 2013. Mr. Wenger previously served as President of the Corporation from 2008 to 2017, Chief Operating Officer of the Corporation from 2008 to 2012, a Director of Fulton Bank, N.A. from 2003 to 2009, Chairman of Fulton Bank, N.A. from 2006 to 2009 and has been employed by the Corporation in a number of positions since 1979.
Mark R. McCollom 	57	Senior Executive Vice President and Chief Financial Officer of the Corporation since March of 2018. Mr. McCollom joined the Corporation in November 2017 as Senior Executive Vice President and Chief Financial Officer Designee. Before joining the Corporation he was a Senior Managing Director, Chief Administrative Officer and COO of Griffin Financial Group, LLC. Prior to his role at Griffin Financial Group, Mr. McCollom was the Chief Financial Officer of Sovereign Bancorp, Inc. He has over 30 years of experience in the financial services industry.
Curtis J. Myers 	53	Director of the Corporation since 2019 and Director of Fulton Bank, N.A. since 2009. President and Chief Operating Officer of the Corporation since January 1, 2018. Chairman and Chief Executive Officer of Fulton Bank, N.A. since May 2018. Mr. Myers served as Senior Executive Vice President of the Corporation from July 2013 to December 2017. President and Chief Operating Officer of Fulton Bank, N.A. since February 2009. He served as Executive Vice President of the Corporation since August 2011. Mr. Myers has been employed by Fulton Bank, N.A. in a number of positions since 1990.
David M. Campbell 	60	Senior Executive Vice President, and Director of Strategic Initiatives and Operations since December 2014. Mr. Campbell joined the Corporation as Chief Administrative Officer of Fulton Financial Advisors, a division of Fulton Bank, N.A. in 2009, and was promoted to President of Fulton Financial Advisors in 2010. He has more than 30 years of experience in financial services.
Beth Ann L. Chivinski 	61	Senior Executive Vice President and Chief Risk Officer of the Corporation effective June 1, 2016. Previously, she served as the Corporation's Chief Audit Executive April 2013 to June 2016 and was promoted to Senior Executive Vice President of the Corporation in 2014. Prior to that, she served as the Corporation's Executive Vice President, Controller and Chief Accounting Officer from June 2004 to March 31, 2013. Ms. Chivinski has worked in various positions with the Corporation since 1994.

Name	Age	Office Held and Term of Office
Natasha R. Luddington 	47	Senior Executive Vice President, Chief Legal Officer and Corporate Secretary effective December 31, 2021. Ms. Luddington became the Senior Executive Vice President, Chief Legal Officer and Corporate Secretary (Designee) of the Corporation in October 2021. Prior to joining the Corporation, Ms. Luddington served as Senior Vice President, Associate General Counsel and Interim General Counsel at Pacific Western Bank. Ms. Luddington has more than 20 years of experience Working in financial services law beginning with work at several law firms, including Fried, Frank, Harris, Shriver & Jacobson LLP in Washington, D.C.
Meg R. Mueller 	57	Senior Executive Vice President and Head of Commercial Business since January 1, 2018. Ms. Mueller served as Chief Credit Officer of the Corporation from 2010 - 2017 and was promoted to Senior Executive Vice President of the Corporation in 2013. Ms. Mueller has been employed by the Corporation in a number of positions since 1996.
Angela M. Sargent 	54	Senior Executive Vice President and Chief Information Officer of the Corporation since July 2013. Ms. Sargent served as Executive Vice President and Chief Information Officer from 2002 to 2013 and has been employed by the Corporation in a number of positions since 1992.
Angela M. Snyder 	57	Senior Executive Vice President and Head of Consumer Banking since January 1, 2018. She heads the Corporation's Consumer Banking line of business. Ms. Snyder joined the Corporation in 2002 as President of Woodstown National Bank she then served as Chairwoman, President and CEO of Fulton Bank of New Jersey until 2019, when the Corporation consolidated that bank into Fulton Bank, N.A. She has more than 30 years of experience in the financial services industry.
Daniel R. Stolzer 	65	Senior Executive Vice President, Chief Legal Officer and Corporate Secretary from January 1, 2018 to December 31, 2021 when he retired as a member of the Corporation's senior management team. Mr. Stolzer joined the Corporation in 2013 as Executive Vice President, General Counsel and Corporate Secretary. Prior to joining the Corporation, Mr. Stolzer served as Chief Counsel - Special Projects at PNC Financial Services Group in Pittsburgh, PA and Deputy General Counsel at KeyCorp in Cleveland, OH. He has more than 30 years of experience working in financial services law beginning with work at several law firms, including Cadwalader, Wickersham & Taft in New York City where he was a member of the Corporate Securities and Capital Markets practice groups.
Bernadette M. Taylor 	60	Senior Executive Vice President, and Chief Human Resource Officer since May 2015. In 2001, she was promoted to Senior Vice President of employee services. She served as Executive Vice President of employee services, employment, and director of human resources before her promotion in 2015 to Chief Human Resources Officer. Dr. Taylor joined the Corporation in 1994 as Corporate Training Director at Fulton Financial Corporation.

(1) As of December 31, 2021

Item 1A. Risk Factors

An investment in our securities involves certain risks, including, among others, the risks described below. In addition to the other information contained in this Report, you should carefully consider the following risk factors.

ECONOMIC AND CREDIT RISKS.

Difficult conditions in the economy and the financial markets may materially adversely affect our business, results of operations and financial condition.

Our results of operations and financial condition are affected by conditions in the economy and the financial markets generally. Our financial performance is highly dependent upon the business environment in the markets where we operate and in the United States as a whole. Unfavorable or uncertain economic and market conditions can be caused by: declines in economic growth, business activity or investor or business confidence; limitations on the availability, or increases in the cost, of credit and capital; changes in the rate of inflation or in interest rates; high unemployment; labor shortages; governmental fiscal and monetary policies; the level of, or changes in, prices of raw materials, goods or commodities; supply chain issues; global economic conditions; trade policies and tariffs affecting other countries as well as retaliatory policies and tariffs by such countries; geopolitical events, including escalating military tension between Russia and Ukraine; natural disasters; public health crises, such as epidemics and pandemics; acts of war or terrorism; or a combination of these or other factors.

Specifically, the business environment impacts the ability of borrowers to pay interest on, and repay principal of, outstanding loans and the value of collateral, if any, securing those loans, as well as demand for loans and other products and services we offer. There continues to be significant ongoing financial risk facing the U.S. economy that could negatively impact the quality of our loan portfolio. As a result, we may have to increase our provision for credit losses, which would negatively impact our results of operations, and could result in charge-offs of a higher percentage of our loans. Unlike large, national institutions, we are not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies and geographic locations. If the communities in which we operate do not grow, or if prevailing economic conditions locally or nationally are unfavorable, our business could be adversely affected. In addition, increased market competition in a lower demand environment could adversely affect our profit potential.

The COVID-19 pandemic has adversely affected, and will likely continue to adversely affect, our business, results of operations and financial condition for an indefinite period.

The COVID-19 pandemic has caused substantial disruptions in economic and social activity, both globally and in the United States. The spread of COVID-19, and related governmental actions to respond to the pandemic have caused severe disruptions in the U.S. economy, which have, in turn, disrupted, and will likely continue to disrupt, the business, activities, and operations of our customers as well as our own business and operations. In many locations throughout the U.S., the spread of COVID-19 decreased through much of 2021. However, due in large part to the increased spread of a new, more transmissible coronavirus variant, the number of individuals diagnosed with COVID-19 in the U.S. increased substantially late in 2021 causing continued governmental responses. The resulting impacts of the pandemic have continued to cause changes in consumer and business spending, borrowing needs and saving habits that have and will likely continue to affect the demand for loans and other products and services we offer as well as the creditworthiness of our borrowers and guarantors. The significant impact on commercial activity and disruptions in supply chains associated with the pandemic, both nationally and in our markets, may cause customers, vendors and counterparties to be unable to meet existing payment or other obligations to us. While employment and the national economy are showing signs of recovery, there is still significant uncertainty concerning the breadth and duration of the economic and social disruptions caused by the COVID-19 pandemic and their impact on the U.S. economy. The extent to which the pandemic continues to impact our operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the continuing progression of the COVID-19 pandemic, whether there are additional outbreaks of COVID-19 and its variants, including vaccine-resistant variants, and the actions taken to contain it or treat its impact.

Moreover, although multiple COVID-19 vaccines and booster vaccines have received regulatory approval and are currently being distributed throughout the U.S. and the world, a significant portion of the population remains unvaccinated. If the pandemic continues to cause significant negative impacts to economic conditions, our results of operations, financial condition and cash flows could be materially adversely impacted.

Our business is dependent upon the willingness and ability of our customers to conduct banking and other financial transactions. In an effort to mitigate the spread of COVID-19, we have has adjusted service models at certain of our financial center locations, including limiting some locations to drive-up and ATM services only, offering lobby access by appointment only, and encouraging our customers to use electronic banking platforms. We expect some of these measures to remain in place permanently. The increased use of electronic banking platforms by our customers may expose us to increased operational risks, including fraud and cybersecurity risks. A significant portion of our employees have transitioned to remote or hybrid onsite-remote working arrangements as a result of the COVID-19 pandemic, which, in addition to requiring added support from our information technology infrastructure, increases cybersecurity risks. The continued spread of COVID-19 (or an outbreak of a similar highly contagious disease) could also negatively impact the business and operations of third-party service providers who perform critical services for our business. It is not yet known what impact these operational changes may have on our financial performance.

There continues to be broad concerns related to the COVID-19 pandemic impact. The aftereffects of the pandemic may continue to have an adverse effect on, among other things, (i) our ability to attract customer deposits, (ii) the ability of our borrowers to satisfy their obligations, (iii) the demand for our loans or other products and services, and/or (iv) unemployment rates, financial markets, real estate markets or economic growth. Further, the timing and ability of our customers' businesses to ramp up to prior levels of activity will vary, depending upon geography, industry and other factors.

The COVID-19 pandemic and its impact on the economy heightens the risk associated with many of the risk factors described in this Report, including those related to economic conditions in our market areas, interest rates, loan losses, operational risks, our reliance on our executives and third-party service providers and goodwill and intangible assets impairment.

Governmental and regulatory actions to mitigate the COVID-19 impact could increase regulatory compliance risks and result in a material decline in our earnings.

There have been several regulatory and legislative actions intended to help mitigate the adverse COVID-19 economic impact on individuals, including mandates requiring financial institutions to work constructively with borrowers affected by COVID-19, temporary bans on evictions and foreclosures and mandatory loan forbearances. Due to the unforeseen nature of the pandemic, future regulatory action is uncertain and cannot be predicted. In addition, our administration of COVID-19 relief programs is likely to be subject to greater regulatory scrutiny.

We have offered, and may continue to offer, payment deferrals, forbearances, fee waivers, and other forms of assistance to commercial, small business and consumer customers impacted by the COVID-19 pandemic. If these customers are unable to repay their loans in a timely manner when payment deferrals, forbearances or other forms of assistance end, delinquency levels may increase, we may be required to reverse the accrual of interest during the deferral or forbearance period, and we may need to increase our ACL through provisions for credit losses. In addition, the existence of deferrals, forbearances and other forms of assistance provided to borrowers impacted by the COVID-19 pandemic may not be considered TDRs or be required to be reflected as delinquent during the applicable deferral or forbearance period, thus potentially making it more challenging to identify deterioration in individual borrower performance and in the loan portfolio generally. See Item 1. "Business-Supervision and Regulation-Governmental and Regulatory Actions to Mitigate the Impact of the COVID-19 Pandemic."

We originated a significant number of loans under the PPP, which may expose us to potential risks and may result in a large number of such loans remaining on our consolidated balance sheets.

We were a participating lender under the PPP, a loan program administered through the SBA, that was created to help eligible businesses, organizations and self-employed persons fund their operating costs during the COVID-19 pandemic. There are areas of ambiguity in the laws, regulations and guidance relating to the operation of the PPP that exposes us to potential risks relating to non-compliance with the PPP requirements. For example, other lenders have been named in litigation related to their processes and procedures for accepting and processing PPP loan applications as well as other matters related to PPP loans. In addition, we may be exposed to credit risk in connection with PPP loans if a determination is made by the SBA that a deficiency exists in the manner in which the PPP loan was originated, funded or serviced. If a deficiency is identified, the SBA may deny or limit its liability under its guaranty or seek to recover from us amounts paid pursuant to its guaranty. Further, in light of the speed at which the PPP was implemented, particularly due to the "first come, first served" nature of the program, the loans originated under the PPP may present potential fraud risk, increasing the risk that loan forgiveness may not be obtained by the borrowers and that the SBA guarantee may not be honored. In addition, there is risk that the borrowers may not qualify for the loan forgiveness feature due to the conduct of the borrower after origination of the loan. These factors may result in a significant amount of these low-yield loans remaining outstanding for a significant period of time.

Although the PPP, by its terms, ended as of May 31, 2021, we continue to face increased operational demands and pressures in connection with monitoring and servicing PPP loans, processing applications for loan forgiveness and pursuing recourse under the SBA guarantees and against borrowers for PPP loan defaults. See Item 1. "Business-Supervision and Regulation-Governmental and Regulatory Actions to Mitigate the Impact of the COVID-19 Pandemic."

We are subject to certain risks in connection with the establishment and level of our ACL.

The ACL consists of the ACL – Loans that is recorded as a reduction to loans on the consolidated balance sheets, and the ACL for OBS credit exposures that is included in other liabilities on the consolidated balance sheets. While we believe that our ACL as of December 31, 2021 was sufficient to cover expected future credit losses in our financial instruments, principally the loan portfolio and OBS credit exposures, as of that date, we may need to increase our provision for credit losses in future periods due to changes in the risk characteristics of the loan portfolio or OBS credit exposures, forecasted economic conditions and growth in the loan portfolio or OBS credit exposures, among other factors, thereby negatively impacting our results of operations. The determination of the ACL depends significantly upon our assumptions and judgments with respect to a variety of factors, including the performance of the loan portfolio, the weighted-average remaining lives of different classifications of loans within the loan portfolio and current and forecasted economic conditions, as well as changes in lending policy, the nature and volume of the portfolio, credit concentrations, specific industry risks, competition, model imprecision and legal and regulatory requirements. If our assumptions and judgments prove to be inaccurate, our ACL might not be sufficient and additional provisions for credit losses might need to be made. Depending on the amount of such provisions for credit losses, the adverse impact on our earnings could be material.

Furthermore, banking regulators may require us to make additional provisions for credit losses or otherwise recognize further loan charge-offs or impairments following their periodic reviews of our loan portfolio, underwriting procedures and the ACL. Any increase in the ACL or loan charge-offs required by such regulatory agencies could have a material adverse effect on our financial condition and results of operations. See "Note 1 - Summary of Significant Accounting Policies – Allowance for Credit Losses" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition-Allowance for Credit Losses and Asset Quality."

Our loan portfolio composition and competition for loans subject us to credit risk.

At December 31, 2021, approximately 69% of our loan portfolio was in commercial loans, including PPP loans, commercial mortgage loans, and residential and commercial construction loans. Commercial loans, commercial mortgage loans and construction loans generally involve a greater degree of credit risk than residential mortgage loans and consumer loans because these loans are likely to be more sensitive to broader economic factors and conditions. Because payments on these loans often depend on the successful operation and management of borrowers' businesses and properties, repayment of such loans may be affected by factors outside the borrower's control, including adverse conditions in the real estate markets, adverse economic conditions or changes in governmental regulation. In addition, these loans typically have relatively large balances and the deterioration of one or a few of these loans could cause a significant increase in the percentage of non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the provision for loan losses and an increase in charge-offs, all of which could have a material adverse effect on our financial condition and results of operations.

Furthermore, intense competition among both bank and non-bank lenders could increase pressure on us to relax our credit standards and/or underwriting criteria in order to achieve our loan growth targets potentially resulting in greater challenges in the repayment or collection of loans if economic conditions, or individual borrower performance, deteriorate. Additionally, competitive pressures could drive us to consider loans and customer relationships that are outside of our established risk appetite or target customer base, posing similar repayment and collection risk. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition-Loans."

MARKET RISKS.

We are subject to interest rate risk.

We cannot predict or control changes in interest rates. We are affected by fiscal and monetary policies of the federal government, including those of the Federal Reserve Board that regulates the national money supply and engages in other lending and investment activities in order to manage recessionary and inflationary pressures, many of which affect interest rates charged on loans and paid on deposits.

In response to the economic conditions resulting from the COVID-19 pandemic, the Federal Reserve Board's target federal funds rate has been reduced to nearly 0%. However, in the midst of rising inflation and pressure to raise interest rates, in its FOMC policy statement issued on January 26, 2022, the Federal Reserve Board strongly signaled that it will soon be time to raise the target range for the Fed Funds Rate. We cannot predict the nature or timing of any future changes in monetary, fiscal, tax and other policies; however, as discussed below, such changes are likely to affect our activities and financial results.

Net interest income is the difference between interest earned on interest-earning assets and interest paid on interest-bearing liabilities. Net interest income is the most significant component of our net income, accounting for approximately 73% of total revenues in 2021. Changes in market interest rates, in the shape of the yield curve or in spreads between different market interest rates can have a material effect on our net interest margin. The rates on some interest-earning assets, such as loans and investments, and interest-bearing liabilities, such as deposits and borrowings, adjust concurrently with, or within a brief period after, changes in market interest rates, while others adjust only periodically or not at all during their terms. Thus, changes in market interest rates might, for example, result in an increase in the interest paid on interest-bearing liabilities that is not accompanied by a corresponding increase in the interest earned on interest-earning assets, or the increase in interest earned might be at a slower pace, or in a smaller amount, than the increase in interest paid, reducing our net interest income and/or net interest margin. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Net Interest Income."

Changes in interest rates may also affect the average life of loans and certain investment securities, including mortgage-backed securities. Increases in interest rates may extend the average life of fixed rate assets potentially restricting our ability to reinvest in higher yielding alternatives, reduce demand for loans and may result in customers withdrawing certificates of deposit early. Conversely, decreases in interest rates can result in increased prepayments of loans and certain investment securities, as borrowers or issuers refinance to reduce their borrowing costs. Under those circumstances, we would be subject to reinvestment risk to the extent that we are not able to reinvest the money received from such prepayments at rates that are comparable to the rates on the loans and investment securities that are prepaid.

Changes in interest rates also affect the fair value of interest-earning investment securities. Generally, the value of interest-earning investment securities moves inversely with changes in interest rates. In the event that the fair value of an investment security declines below its amortized cost, we are required to determine whether the decline constitutes an OTTI. The determination of whether a decline in fair value is other-than-temporary depends on a number of factors, including whether we have the intent and ability to retain the investment security for a period of time sufficient to allow for any anticipated recovery in fair value. If a determination is made that a decline is other-than-temporary, an OTTI charge is recorded.

The replacement of LIBOR as a financial benchmark presents risks to the financial instruments we originated or hold.

LIBOR is the reference rate used for many our transactions, including variable and adjustable rate loans, derivative contracts, borrowings and other financial instruments. A reduced volume of interbank unsecured term borrowing, coupled with legal and regulatory proceedings related to rate manipulation by certain financial institutions, led to international reconsideration of LIBOR as a financial benchmark. The FCA announced in July 2017 that the sustainability of LIBOR cannot be guaranteed. Accordingly, although the FCA confirmed the extension of overnight and 1-, 3-, 6- and 12-month LIBOR through June 30, 2023 in order to provide financial institutions greater time to manage the transition from LIBOR, the FCA is no longer persuading, or compelling, banks to submit rates for the calculation of LIBOR. The federal banking regulatory agencies, including the OCC, previously determined that banks must cease entering into any new contract that uses LIBOR as a reference rate by no later than December 31, 2021. In addition, banks have been encouraged to identify contracts that extend beyond June 30, 2023 and implement plans to identify and address insufficient contingency provisions in those contracts.

While there is no consensus on what rate or rates may become accepted alternatives to LIBOR, the OCC has opined that national banks may use any reference rate for loans that a bank determines to be appropriate for its funding model and customer needs. Industry groups and certain committees (e.g., the ARRC) have, among other things, published recommended fallback language for LIBOR-linked financial instruments, identified recommended alternatives for certain LIBOR rates (e.g., the SOFR as the recommended alternative to U.S. Dollar LIBOR), and proposed implementation of the recommended alternatives in floating rate instruments. At this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating-rate financial instruments. The uncertainty surrounding potential reforms, including the use of alternative reference rates and changes to the methods and processes used to calculate rates, may have an adverse effect on the trading market for LIBOR-based securities, loan yields, and the amounts received and paid on derivative contracts and other financial instruments. In addition, the implementation of LIBOR reform proposals has and will continue to result in increased compliance and operational costs.

Changes in interest rates can affect demand for our products and services.

Movements in interest rates can cause demand for some of our products and services to be cyclical. For example, demand for residential mortgage loans has historically tended to increase during periods when interest rates were declining and to decrease during periods when interest rates were rising. As a result, we may need to periodically increase or decrease the size of certain of our businesses, including our personnel, to match increases and decreases in demand and volume. The need to change the scale of these businesses is challenging, and there is often a lag between changes in the businesses and our reaction to these changes.

Price fluctuations in securities markets, as well as other market events, such as a disruption in credit and other markets and the abnormal functioning of markets for securities, could have an impact on our results of operations.

The market value of our securities investments, which include mortgage-backed securities, state and municipal securities, auction rate securities, and corporate debt securities are particularly sensitive to price fluctuations and market events. Declines in the values of our securities holdings, combined with adverse changes in the expected cash flows from these investments, could result in OTTI charges.

Our investment management and trust services revenue, which is partially based on the value of the underlying investment portfolios, can also be impacted by fluctuations in the securities markets. If the values of those investment portfolios decrease, whether due to factors influencing U.S. or international securities markets, in general, or otherwise, our revenue could be negatively impacted. In addition, our ability to sell our securities brokerage services is dependent, in part, upon consumers' level of confidence in securities markets. See Item 7A. "Quantitative and Qualitative Disclosures About Market Risk."

LIQUIDITY RISK.

***Changes in interest rates or disruption in liquidity markets may adversely affect our sources of funding*.**

We must maintain sufficient sources of liquidity to meet the demands of our depositors and borrowers, support our operations and meet regulatory expectations. Our liquidity management policies and practices emphasize core deposits and repayments and maturities of loans and investments as our primary sources of liquidity. These primary sources of liquidity can be supplemented by FHLB advances, borrowings from the FRB, proceeds from the sales of loans and use of our liquidity resources, including capital markets funding. Lower-cost, core deposits may be adversely affected by changes in interest rates, and secondary sources of liquidity can be more costly to us than funding provided by deposit account balances having similar maturities. In addition, adverse changes in our results of operations or financial condition, downgrades in our credit ratings, regulatory actions involving us, or changes in regulatory, industry or market conditions could lead to increases in the cost of these secondary sources of liquidity, the inability to refinance or replace these secondary funding sources as they mature, or the withdrawal of unused borrowing capacity under these secondary funding sources.

We rely on customer deposits as our primary source of funding. A substantial majority of our deposits are in non-maturing accounts that customers can withdraw on demand or upon several days' notice. Factors, many of which are outside our control, can cause fluctuations in both the level and cost of customer deposits. These factors include competition for customer deposits from other financial institutions and non-bank competitors, changes in interest rates, the rates of return available from alternative investments or asset classes, changes in customer confidence in us or in financial institutions generally, and the liquidity needs of our deposit customers. Further, deposits from state and municipal entities, primarily in non-maturing, interest-bearing accounts, are a significant source of deposit funding for us, representing approximately 11% of total deposits at December 31, 2021. State and municipal customers frequently maintain large deposit account balances substantially in excess of the FDIC insurance limit, and these depositors may be more sensitive than other depositors to changes in interest rates. Advances in technology, such as online banking, mobile banking, digital payment platforms and the acceleration of financial technology innovation, have also made it easier to move money, potentially causing customers to switch financial institutions or switch to non-bank competitors. Movement of customer deposits into higher-yielding deposit accounts we offer, the need to offer higher interest rates on deposit accounts to retain customer deposits, or the movement of customer deposits into alternative investments or deposits of other banks or non-bank providers could increase our funding costs, reduce our net interest margin and/or create liquidity challenges.

Market conditions have been negatively impacted by disruptions in the liquidity markets in the past, and such disruptions or an adverse change in our results of operations or financial condition could, in the future, have a negative impact on secondary sources of liquidity. If we are not able to continue to rely primarily on customer deposits to meet our liquidity and funding needs, access secondary, non-deposit funding sources on favorable terms or otherwise fail to manage our liquidity effectively, our ability to continue to grow may be constrained, and our liquidity, operating margins, results of operations and financial condition may be materially adversely affected. See Item 7A. "Quantitative and Qualitative Disclosures About Market Risk-Interest Rate Risk, Asset/Liability Management and Liquidity."

LEGAL, COMPLIANCE AND REPUTATIONAL RISKS.

We are subject to extensive regulation and supervision and may be adversely affected by changes in laws and regulations or any failure to comply with laws and regulations.

Virtually every aspect of our operations is subject to extensive regulation and supervision by federal and state regulatory agencies, including the Federal Reserve Board, OCC, FDIC, CFPB, DOJ, UST, SEC, HUD, DOL, state attorneys general and state banking, financial services, securities and insurance regulators. Under this regulatory framework, regulatory agencies have broad authority in carrying out their supervisory, examination and enforcement responsibilities to address compliance with applicable laws and regulations, including laws and regulations relating to capital adequacy, asset quality, earnings, liquidity, risk management and financial accounting and reporting as well as laws and regulations governing consumer protection, fair lending, privacy, information security and cybersecurity risk management, third-party vendor risk management, AML and sanctions and anti-terrorism laws. Failure to comply with these regulatory requirements, including inadvertent or unintentional violations, may result in the assessment of fines and penalties, or the commencement of informal or formal regulatory enforcement actions against us. Other negative consequences can also result from such failures, including regulatory restrictions on our activities, restrictions on our ability to grow through acquisition, reputational damage, restrictions on the ability of institutional investment managers to invest in our securities and increases in our costs of doing business.

The U.S. Congress and state legislatures and federal and state regulatory agencies continually review banking and other laws, regulations and policies for possible changes. Changes in applicable federal or state laws, regulations or governmental policies may affect us and our business. The effects of such changes are difficult to predict and may produce unintended consequences. New laws, regulations or changes in the regulatory environment could limit the types of financial services and products we may offer, alter demand for existing products and services, increase the ability of non-banks to offer competing financial services and products, increase compliance burdens, or otherwise adversely affect our business, results of operations or financial condition. For example, in December 2021, the CFPB published a report providing data on banks' overdraft and non-sufficient funds fee revenues as well as observations regarding customer protection issues relating to participation in such programs. The CFPB has indicated that it intends to pursue enforcement actions against banking organizations, and their executives, that oversee overdraft practices that are deemed unlawful. In addition, the Comptroller of the Currency has identified potential options for reform of national bank overdraft protection practices, including providing a grace period before the imposition of a fee, refraining from charging multiple fees in a single day and eliminating fees altogether. In 2021, we recognized $12.8 million in consumer overdraft fees. The adoption of new rules or supervisory guidance or more aggressive examination and enforcement policies with respect to overdraft protection practices could cause us to modify overdraft programs and practices in ways that may have a negative impact on our revenues that, in turn, could negatively impact our results of operations and financial condition.

Compliance with banking and financial services statutes and regulations is also important to our ability to engage in new activities or to expand existing activities. Regulators continue to scrutinize banks through longer and more intensive examinations. Federal and state banking agencies possess broad powers to take supervisory actions, as they deem appropriate. These supervisory actions may result in higher capital requirements, higher deposit insurance premiums and limitations on our operations and expansion activities that could have a material adverse effect on our business and profitability. We have dedicated significant time, effort, and expense over time to comply with regulatory and supervisory standards and requirements imposed by our regulators, and we expect that we will continue to do so. If we fail to develop at a reasonable cost the systems and processes necessary to comply with the standards and requirements imposed by these rules, it could have a material adverse effect on our business, financial condition, or results of operations.

The Dodd-Frank Act continues to have a significant impact on our business and results of operations.

The Dodd-Frank Act continues to have a substantial impact on many aspects of the financial services industry. We will likely continue to be impacted by the Dodd-Frank Act in the future, including the Durbin Amendment to the Dodd-Frank Act that reduced debit card interchange revenue of banks and revised FDIC deposit insurance assessments. We have also been impacted by the Dodd-Frank Act in the areas of corporate governance, capital requirements, risk management and regulation under federal consumer protection laws.

The CFPB, established pursuant to the Dodd-Frank Act, has imposed enforcement actions against a variety of bank and non-bank market participants with respect to a number of consumer financial products and services. These enforcement actions have resulted in those participants expending significant time, money and resources to adjust to the initiatives being pursued by the CFPB. These enforcement actions may also serve as precedent for how the CFPB interprets and enforces consumer protection laws, including practices or acts that are deemed to be unfair, deceptive or abusive, with respect to supervised institutions and may result in the imposition of higher standards of compliance with such laws. Other federal financial regulatory agencies, including the OCC, as well as state attorneys general and state banking agencies and other state financial regulators have also been active in this area with respect to institutions over which they have jurisdiction. See Item 1. "Business-Supervision and Regulation."

Changes in U.S. federal, state or local tax laws may negatively impact our financial performance.

We are subject to changes in tax laws that could increase our effective tax rate. These law changes may be retroactive to previous periods and, as a result, could negatively affect our current and future financial performance. In December 2017, the Tax Act was signed into law resulting in significant changes to the Tax Code. The Tax Act reduced our federal corporate income tax rate to 21% beginning in 2018. However, the Tax Act also imposed limitations on our ability to take certain deductions, such as the deduction for FDIC deposit insurance premiums, which partially offset the increase in net income from the lower tax rate. During 2021, Congress debated various proposals for increases in the corporate tax rate and possible surcharges on corporate share repurchases as part of the funding for various spending initiatives. Any such increase in the corporate tax rate or surcharges would adversely affect our results of operations in future periods.

In addition, a number of the changes to the Tax Code are set to expire in future years. There is substantial uncertainty concerning whether those expiring provisions will be extended, or whether future legislation will further revise the Tax Code.

Capital requirements have been adopted by U.S. banking regulators that may limit our ability to return earnings to shareholders or operate or invest in our business.

We are subject to capital requirements under the BASEL III Rules. Failure to meet the established capital requirements could result in the federal banking regulators placing limitations or conditions on our activities or restricting the commencement of new activities, and such failure could subject us to a variety of enforcement remedies, including limiting our ability to pay dividends, the issuance of a directive to increase capital, and/or the termination of FDIC deposit insurance. In addition, the failure to comply with the capital conservation buffer would result in restrictions on capital distributions and discretionary cash bonus payments to executive officers. As of December 31, 2021, our current capital levels exceeded the minimum capital requirements, including the capital conservation buffer, as set forth in the BASEL III Rules. See Item 1. "Business-Supervision and Regulation-Capital Requirements."

The implementation of certain regulations with regard to regulatory capital could disproportionately affect our regulatory capital position relative to that of our competitors, including those who may not be subject to the same regulatory requirements.

From time to time we may be the subject of litigation and governmental or administrative proceedings. Adverse outcomes of any such litigation or proceedings may have a material adverse impact on our business and results of operations as well as our reputation.

Many aspects of our business involve substantial risk of legal liability. From time to time, we have been named or threatened to be named as defendant in various lawsuits arising from our business activities (and in some cases from the activities of companies that we or our subsidiaries acquired). In addition, we are periodically the subject of governmental investigations and other forms of regulatory or governmental inquiry. For example, in 2020, we consented to the entry of an administrative civil cease-and-desist order and paid a civil monetary penalty of $1.5 million to resolve an investigation by the staff of the SEC Division of Enforcement regarding certain accounting determinations that could have impacted our reported earnings per share. Like other large financial institutions, we are also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information. These lawsuits, investigations, inquiries and other matters could lead to administrative, civil or criminal proceedings, result in adverse judgments, settlements, fines, penalties, restitution, injunctions or other types of sanctions, the need for us to undertake remedial actions, or otherwise alter our business, financial or accounting practices. Substantial legal liability or significant regulatory actions against us could materially adversely affect our business, financial condition or results of operations and/or cause significant reputational harm. We establish reserves for legal claims when payments associated with the claims become probable and we can reasonably estimate the amount of loss. For matters where a loss is not probable, or we cannot reasonably estimate the amount of loss, no loss reserve is established. However, we may still incur potentially significant legal costs for a matter even if a reserve has not been established.

We can provide no assurance as to the outcome or resolution of legal or administrative actions or investigations, and such actions and investigations may result in judgments against us for significant damages or the imposition of regulatory restrictions on our operations. Resolution of these types of matters can be prolonged and costly, and the ultimate results or judgments are uncertain due to the inherent uncertainty in the outcomes of litigation and other proceedings.

STRATEGIC AND EXTERNAL RISKS.

We may not be able to achieve our growth plans.

Our business plan includes the pursuit of profitable growth. To achieve profitable growth, we may pursue new lines of business or offer new products or services, all of which can involve significant costs, uncertainties and risks. Any new activity we pursue may require a significant investment of time and resources and may not generate the anticipated return on that investment. In addition, we may not be able to effectively implement and manage any new activities. External factors, such as the need to comply with additional regulations, the availability, or introduction, of competitive alternatives in the market, and changes in customer preferences may also impact the successful implementation of any new activity. Any new activity could have a significant impact on the effectiveness of our system of internal controls. Sustainable growth requires that we manage risks by balancing loan and deposit growth at acceptable levels of risk, maintaining adequate liquidity and capital, hiring and retaining qualified employees, and successfully managing the costs and implementation risks with respect to strategic projects and initiatives. If we are not able to adequately identify and manage the risks associated with new activities, our business, results of operations and financial condition could be materially and adversely impacted.

We face a variety of risks in connection with potential acquisitions.

We may from time to time seek to supplement organic growth through acquisitions of banks, branches or other financial businesses or assets. Potential acquisitions are typically subject to regulatory or other approvals and there can be no assurance that we would be able to obtain any such approvals in a timely manner, without restrictive conditions or at all. Even if required approvals are obtained, acquisitions involve numerous risks, including lower than expected performance or higher than expected costs, difficulties related to integration, diversion of management's attention from other business activities, the potential loss of key employees, changes in relationships with customers, disruption of the operations of the acquired business and our business, exposure to potential asset quality issues and unknown or contingent liabilities of the acquired business and changes in banking or tax laws or regulations that may affect the acquired business.

Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and/or other projected benefits from an acquisition could have a material adverse effect on our business, financial condition and results of operations. In addition, we face significant competition from other financial services institutions, some of which may have greater financial resources than us, when considering acquisition opportunities. Accordingly, attractive opportunities may not be available and there can be no assurance that we will be successful in identifying, completing or integrating future acquisitions.

On July 9, 2021, President Biden issued an Executive Order on Promoting Competition in the American Economy. Among other initiatives, the Executive Order encouraged the federal banking agencies to review their current merger oversight practices under the BHCA and the Bank Merger Act and adopt a plan for revitalization of such practices. There are many steps that must be taken by the agencies before any formal changes to the framework for evaluating bank mergers can be finalized and the prospects for such action are uncertain at this time; however, the adoption of more expansive or prescriptive standards may have an impact on our acquisition activities.

The competition we face is significant and may reduce our customer base and negatively impact our results of operations.

There is significant competition among commercial banks in the market areas we serve. In addition, we also compete with other providers of financial services, including savings and loan associations, credit unions, consumer finance companies, securities firms, insurance companies, commercial finance and leasing companies, the mutual funds industry, full-service brokerage firms and discount brokerage firms, some of which are subject to less extensive regulation than we are. Some of our competitors have greater resources, higher lending limits, lower cost of funds and may offer other services we do not offer. We also experience competition from a variety of institutions outside our market areas. Some of these institutions conduct business primarily over the Internet and, as a result, may be able to realize certain cost savings and offer products and services at more favorable rates and with greater convenience to the customer. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. In addition, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as funds transfers, payment services, residential mortgage loans, consumer loans and wealth and investment management services. Competition with non-banks, including technology companies, to provide financial products and services is intensifying. In particular, the activity of Fintechs has grown significantly over recent years and is expected to continue to grow. Fintechs have and may continue to offer bank or bank-like products. In July 2018, the OCC announced that it would begin accepting applications from Fintechs to become special purpose national banks. More recently, the OCC conditionally approved the application of a nonbank Fintech for a full-service national bank charter. Similar developments are likely to result in even greater competition within all areas of our operations.

Transactions utilizing digital assets, including cryptocurrencies, stablecoins and other similar assets, has increased substantially. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers, notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers, which at present, are not subject to the extensive regulations imposed upon banking organizations and other financial institutions, have become active competitors for our customers' banking business.

Competition may adversely affect the rates we pay on deposits and charge on loans, and could result in the loss of fee income, as well as the loss of customer deposits and the income generated from those deposits, thereby potentially adversely affecting our profitability and our ability to continue to grow. Our profitability and continued growth depend upon our continued ability to successfully compete in the market areas we serve. See Item 1. "Business-Competition."

Climate change may materially adversely affect our business and results of operations.

We operate in areas where our business and the activities of our customers could be impacted by the effects of climate change. The effects of climate change may include increased frequency or severity of weather-related events, such as severe storms, hurricanes, flooding and droughts, and rising sea levels. These effects can disrupt business operations, damage property, devalue assets and change consumer and business preferences, which may adversely affect borrowers, increase credit risk and reduce demand for our products and services. In addition, increasing concerns over the long-term impacts of climate change have led, and will likely continue to lead, to legislative and regulatory initiatives to combat climate change and may result in increased supervisory expectations with respect to banks' risk management practices related to climate change. For instance, the FSOC, of which the OCC is a member, published a report in October 2021 identifying climate-related financial risk as an "emerging threat" to financial stability. The leadership of the federal banking agencies, including the Comptroller of the Currency, have emphasized that climate-related risks are faced by banking organizations of all types and sizes, specifically including physical and transition risks, and are in the process of enhancing supervisory expectations regarding banks' risk management practices. The OCC also has appointed its first ever Climate Change Risk Officer and established an internal climate risk implementation committee in order to assist with these initiatives and to support the agency's efforts to enhance its supervision of climate change risk management. To the extent that these initiatives lead to the promulgation of new regulations or supervisory guidance applicable to us, compliance costs and other compliance-related risks would be expected to increase. Climate change, its effects and the resulting, unknown impacts could have a material adverse effect on our financial condition and results of operations.

We are subject to ESG risks that could adversely affect our reputation and the market price of our securities.

We are subject to a variety of risks arising from ESG matters. ESG matters include climate risk, hiring practices, the diversity of our work force, and racial and social justice issues involving our personnel, customers and third parties with whom we otherwise do business. Risks arising from ESG matters may adversely affect, among other things, our reputation and the market price of our securities.

Further, we may be exposed to negative publicity based on the identity and activities of those to whom we lend and with which we otherwise do business. Any such negative publicity could arise from adverse news coverage in traditional media and could also spread through the use of social media platforms. Our relationships and reputation with our existing and prospective customers and third parties we do business with could be damaged if we were to become the subject of any such negative publicity. Such damage could, in turn, have an adverse effect on our ability to attract and retain customers and employees and could have a negative impact on the market price of our securities.

Certain investors have begun to consider the steps taken and resources allocated by financial institutions and other commercial organizations to address ESG matters when making investment and operational decisions. Certain investors are beginning to incorporate the business risks of climate change and the adequacy of companies' responses to the risks posed by climate change and other ESG matters into their investment considerations. These shifts in investing priorities may result in adverse effects on the market price of our securities to the extent that investors determine that we have not made sufficient progress on ESG matters.

If the goodwill that we have recorded or record in the future in connection with our acquisitions becomes impaired, it could have a negative impact on our results of operations.

We have supplemented our internal growth with strategic acquisitions of banks, branches and other financial services companies. In the future, we may seek to supplement organic growth through additional acquisitions. If the purchase price of an acquired company exceeds the fair value of the company's net assets, the excess is carried on the acquirer's balance sheet as goodwill. As of December 31, 2021, we had $534.3 million of goodwill recorded on our balance sheet. We are required to evaluate goodwill for impairment at least annually. Write-downs of the amount of any impairment, if necessary, are to be charged to earnings in the period in which the impairment occurs. There can be no assurance that future evaluations of goodwill will not result in impairment charges.

Changes in accounting policies, standards, and interpretations could materially affect how we report our financial condition and results of operations.

The preparation of our financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as revenues and expenses during the period. A summary of the accounting policies that we consider to be most important to the presentation of our financial condition and results of operations because they require management's most difficult judgments as a result of the need to make estimates about the effects of matters that are inherently uncertain, including those related to the ACL, goodwill, income taxes, and fair value measurements, is set forth in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies" and within "Note 1- Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

A variety of factors could affect the ultimate values of assets, liabilities, income and expenses recognized and reported in our financial statements, and these ultimate values may differ materially from those determined based on management's estimates and assumptions. In addition, the FASB, regulatory agencies, and other bodies that establish accounting standards from time to time change the financial accounting and reporting standards governing the preparation of our financial statements. Further, the bodies that establish and interpret the accounting standards (such as the FASB, the SEC, and banking regulators) may change prior interpretations or positions regarding how these standards should be applied. These changes can be difficult to predict and can materially affect how we record and report our financial condition and results of operations.

OPERATIONAL RISKS.

We are exposed to many types of operational and other risks, and our framework for managing risks may not be effective in mitigating risk.

We are exposed to many types of operational risk, including the risk of human error or fraud by employees and other third parties, intentional and inadvertent misrepresentation by loan applicants, borrowers or guarantors, unsatisfactory performance by employees and vendors, clerical and record-keeping errors, computer and telecommunications systems malfunctions or failures and reliance on data that may be faulty or incomplete. In an environment characterized by continual, rapid technological change, when we introduce new products and services, or make changes to our information technology systems and processes, these operational risks are increased. Any of these operational risks could result in the diminished ability to operate one or more of our businesses, financial loss, potential liability to customers, inability to secure insurance, reputational damage and regulatory intervention, any or all of which could materially adversely affect us.

Our risk management framework is subject to inherent limitations, and risks may exist, or develop in the future, that we have not anticipated or identified. If our risk management framework proves to be ineffective, we could suffer unexpected losses and could be materially adversely affected.

Our operational risks include risks associated with third-party vendors and other financial institutions.

We rely upon certain third-party vendors to provide products and services necessary to maintain our day-to-day operations, including, notably, responsibility for the core processing system that services Fulton Bank. Accordingly, our operations are exposed to the risk that these vendors might not perform in accordance with applicable contractual arrangements or service level agreements. The failure of an external vendor to perform in accordance with applicable contractual arrangements or service level agreements could be disruptive to our operations and could have a material adverse effect on our financial condition or results of operations and/or damage our reputation. Further, third-party vendor risk management continues to be a point of regulatory emphasis recently. A failure to follow applicable regulatory guidance in this area could expose us to regulatory sanctions.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, execution of transactions or other relationships between the institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which we interact on a daily basis, and, therefore, could adversely affect us.

Any of these operational or other risks could result in our diminished ability to operate one or more of our businesses, financial loss, potential liability to customers, inability to secure insurance, reputational damage and regulatory intervention and could materially adversely affect us.

Loss of, or failure to adequately safeguard, confidential or proprietary information may adversely affect our operations, net income or reputation.

Our business is highly dependent on information systems and technology and the ability to collect, process, transmit and store significant amounts of confidential information regarding customers, employees and others on a daily basis. While we perform some of the functions required to operate our business directly, we also rely on third parties for significant business functions, such as processing customer transactions, providing cloud-based infrastructure, software and data storage services, maintaining customer-facing websites, including our online and mobile banking functions, and developing software for new products and services. These relationships require us to allow third parties to access, store, process and transmit customer information. As a result, we may be subject to cybersecurity risks directly, as well as indirectly, through the vendors to whom we outsource business functions and the downstream service providers of those vendors. Cyber threats could result in unauthorized access, loss or destruction of confidential information or customer data, unavailability, degradation or denial of service, introduction of computer viruses or ransomware and other adverse events causing us to incur additional costs repairing systems, restoring data or adding new personnel or protection technologies. Cyber threats may also subject us to regulatory investigations, litigation or enforcement actions, require the payment of regulatory fines or penalties or undertaking costly remediation efforts with respect to third parties affected by a cybersecurity incident, all or any of which could adversely affect our business, financial condition or results of operations and/or damage our reputation.

Critical infrastructure sectors, including the financial services sector, increasingly have been the targets of cyber-attacks, including attacks emanating from foreign countries such as the attack on the information technology company SolarWinds, which affected many Fortune 500 companies as well as U.S. government agencies. Cyber-attacks involving large financial institutions, including denial of service attacks designed to disrupt external customer-facing services, nation-state cyber-attacks and ransomware attacks designed to deny organizations access to key internal resources or systems, as well as targeted social engineering and email attacks designed to allow unauthorized persons to obtain access to an institution's information systems and data or that of its customers, are becoming more common and increasingly sophisticated. Further, threat actors are increasingly seeking to target vulnerabilities in software systems used by large numbers of banking organizations in order to conduct malicious cyber activities.

Like other financial institutions, we experience malicious cyber activity on an ongoing basis directed at our websites, computer systems, software, networks and our users. This malicious activity includes attempts at unauthorized access, implantation of computer viruses or malware, and denial-of-service attacks. We also experience large volumes of phishing and other forms of social engineering attempted for the purpose of perpetrating fraud against us, our employees or our customers. While, to date, malicious cyber activity, cyber-attacks and other information security breaches have not had a material adverse impact on us, there can be no assurance that such events will not have a material adverse impact on our business, results of operations, financial condition or reputation in the future.

Cybersecurity risks for financial institutions also have evolved as a result of the use of cloud computing and new technologies, devices and delivery channels to transmit and store data and conduct financial transactions. The adoption of new products, services and delivery channels contribute to a more complex operating environment, which enhances operational risk and presents the potential for additional structural vulnerabilities. In addition, the ongoing and widespread remote work environment necessitated by the COVID-19 pandemic has subjected institutions to additional cybersecurity vulnerabilities and risks.

We use monitoring and preventive controls to detect and respond to data breaches and cyber threats involving our systems before they become significant. We regularly evaluate our systems and controls and implement upgrades as necessary. We also attempt to reduce our exposure to our vendors' data privacy and cyber incidents by performing initial vendor due diligence that is updated periodically for critical vendors, negotiating service level standards with vendors, negotiating for indemnification from vendors for confidentiality and data breaches, and limiting third-party access to the least privileged level necessary to perform outsourced functions. The additional cost to us of data and cybersecurity monitoring and protection systems and controls includes the cost of hardware and software, third party technology providers, consulting and forensic testing firms, insurance premium costs and legal fees and the incremental cost of personnel who focus a substantial portion of their responsibilities on data and cybersecurity.

There can be no assurance that the measures we employ to detect and combat direct or indirect cyber threats will be effective. In addition, because the methods of cyber-attacks change frequently or, in some cases, are not recognized until launched, we may be unable to implement effective preventive control measures to proactively address these methods. Our or a vendor's failure to promptly identify and counter a cyber-attack may result in increased costs and other negative consequences, including the loss of, or inability to access, data, degradation or denial of service and introduction of computer viruses. Although we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be inapplicable or otherwise insufficient to cover any or all losses. Further, a successful cyber-attack that results in a significant loss of customer data or compromises our ability to function could have a material adverse effect on our business, reputation, financial condition and results of operations.

Account data compromise, malware and ransomware events affecting a broad spectrum of commercial businesses and governmental entities in recent years have resulted in heightened legislative and regulatory focus on privacy, data protection and information security. New or revised laws and regulations may significantly impact our current and planned privacy, data protection and information security-related practices, the collection, use, sharing, retention and safeguarding of consumer and employee information, and current or planned business activities. Compliance with current or future privacy, data protection and information security laws to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services that could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory and governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation and our brand.

We are subject to a variety of risks in connection with the origination and sale of loans.

We originate residential mortgage loans and other loans, such as loans guaranteed, in part, by the SBA, all or portions of which are later sold in the secondary market to government sponsored enterprises or agencies, such as the Federal National Mortgage Association (Fannie Mae) and other non-government sponsored investors. In connection with such sales, we make certain representations and warranties with respect to matters such as the underwriting, origination, documentation or other characteristics of the loans sold. We may be required to repurchase a loan, or to reimburse the purchaser of a loan for any related losses, if it is determined that the loan sold was in violation of representations or warranties made at the time of the sale, and, in some cases, if there is evidence of borrower fraud, in the event of early payment default by the borrower on the loan, or for other reasons. We maintain reserves for potential losses on certain loans sold, however, it is possible that losses incurred in connection with loan repurchases and reimbursement payments may be in excess of any applicable reserves, and we may be required to increase reserves and may sustain additional losses associated with such loan repurchases and reimbursement payments in the future, all of which could have a material adverse effect on our financial condition or results of operations.

In addition, the sale of residential mortgage loans and other loans in the secondary market serves as a source of non-interest income and liquidity for us and can reduce our exposure to interest rate risk. Efforts to reform government sponsored enterprises and agencies, changes in the types of, or standards for, loans purchased by government sponsored enterprises or agencies and other investors, or our failure to maintain our status as an eligible seller of such loans may limit our ability to sell these loans. Our inability to continue to sell these loans could reduce our non-interest income, limit our ability to originate and fund these loans in the future, and make managing interest rate risk more challenging, any of which could have a material adverse effect on our results of operations and financial condition.

We continually encounter technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, including the potential utilization of blockchain technology to provide alternative high-speed payment systems. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. The costs of implementing new technology, including personnel, can be high, in both absolute and relative terms, and we may not achieve intended benefits of new technology initiatives. Moreover, the implementation of new technology can expose us to new or increased operational risks. Many of our financial institution competitors have substantially greater resources to invest in technological improvements. In addition, new payment, credit and investment and wealth management services developed and offered by non-bank or non-traditional competitors pose an increasing threat to the products and services traditionally provided by financial institutions like us. We may not be able to effectively implement new technology-driven products and services, be successful in marketing these products and services to our customers, or effectively deploy new technologies to improve the efficiency of our operations. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on our business, financial condition and results of operations.

There can be no assurance, given the past pace of change and innovation, that our technology, either purchased or developed internally, will meet or continue to meet our needs and the needs of our customers.

In addition, advances in technology, as well as changing customer preferences favoring access to our products and services through digital channels, could decrease the value of our branch network and other assets. If customers increasingly choose to access our products and services through digital channels, we may find it necessary to consolidate, close or sell branch locations or restructure our branch network. These actions could lead to losses on assets, expenses to reconfigure branches and the loss of customers in affected markets. As a result, our business, financial condition or results of operations may be adversely affected.

RISKS RELATED TO AN INVESTMENT IN OUR SECURITIES.

We are a bank holding company and rely on dividends and other payments from our subsidiaries for substantially all of our revenue and our ability to make dividend payments, distributions and other payments.

We are a bank holding company, a separate and distinct legal entity from our bank and non-bank subsidiaries, and we depend on the payment of dividends and other payments and distributions from our subsidiaries, principally Fulton Bank, for substantially all of our revenues. As a result, our ability to make dividend payments on our common and preferred stock depends primarily on compliance with applicable federal regulatory requirements and the receipt of dividends and other distributions from our subsidiaries. There are various regulatory and prudential supervisory restrictions, which may change from time to time, that impact the ability of Fulton Bank to pay dividends or make other payments to us. There can be no assurance that Fulton Bank will be able to pay dividends at past levels, or at all, in the future. If we do not receive sufficient cash dividends or are unable to borrow from Fulton Bank, then we may not have sufficient funds to pay dividends to our shareholders, repurchase our common stock or service our debt obligations. See Item 1. "Business-Supervision and Regulation-Loans and Dividends from Bank Subsidiary."

In addition, we have pursued a strategy of capital management under which we have sought to deploy capital through stock repurchases and increased regular dividends and special dividends on our common stock, in a manner that is beneficial to our shareholders. This capital management strategy is subject to regulatory supervision. In July 2019, the Federal Reserve Board eliminated the standalone prior approval requirement in the capital rules for repurchase or redemption of common stock. In certain circumstances, however, our repurchases of common stock may be subject to a prior approval or notice requirement under Federal Reserve Board regulations or policies. As a result, we may not be able to enter the market for stock repurchases on a timely basis when our board of directors and management believe such repurchases to be most opportune, or at all.

Anti-takeover provisions could negatively impact our shareholders.

Provisions of banking laws, Pennsylvania corporate law and of our Amended and Restated Articles of Incorporation and Bylaws could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us. To the extent that these provisions discourage such a transaction, holders of our common stock may not have an opportunity to dispose of part or all of their stock at a higher price than that prevailing in the market. These provisions may also adversely affect the market price of our common stock. In addition, some of these provisions make it more difficult to remove, and thereby may serve to entrench, our incumbent directors and officers, even if their removal would be regarded by some shareholders as desirable.

Certain provisions of Pennsylvania corporate law applicable to us and our Amended and Restated Articles of Incorporation and Bylaws include provisions that may be considered to be "anti-takeover" in nature because they may have the effect of discouraging or making more difficult the acquisition of control of us by means of a hostile tender offer, exchange offer, proxy contest or similar transaction. These provisions are intended to protect our shareholders by providing a measure of assurance that our shareholders will be treated fairly in the event of an unsolicited takeover bid and by preventing a successful takeover bidder from exercising its voting control to the detriment of other shareholders. However, these provisions, taken as a whole, may also discourage a hostile tender offer, exchange offer, proxy solicitation or similar transaction relating to the our common stock, even if the accomplishment of a given transaction may be favorable to the interests of shareholders.

The ability of a third party to acquire us is also limited under applicable banking regulations. The BHCA requires any "bank holding company" (as defined in the BHCA) to obtain Federal Reserve Board approval prior to acquiring more than 5% of our outstanding common stock. Any person other than a bank holding company is required to obtain prior Federal Reserve Board approval to acquire 10% or more of our outstanding common stock under the Change in Bank Control Act of 1978 and, under certain circumstances, such approvals are required at an even lower ownership percentage. Any holder of 25% or more of our outstanding common stock, other than an individual, is subject to regulation as a bank holding company under the BHCA. While these provisions do not prohibit an acquisition, they would likely act as deterrents to an unsolicited takeover attempt.

GENERAL RISK FACTORS.

Negative publicity could damage our reputation and business.

Reputation risk, or the risk to our earnings and capital from negative public opinion, is inherent in our business. Negative public opinion could result from our actual, alleged or perceived conduct in any number of activities, including lending practices, litigation, regulatory compliance, mergers and acquisitions, disclosure, sharing or inadequate protection of customer information, ESG practices and disclosures as well as from actions taken by government agencies and community organizations in response to that conduct. In addition, unfavorable public opinion regarding the broader financial services industry, or arising from the actions of individual financial institutions, can have an adverse effect on our reputation. Because we conduct our businesses under the "Fulton" brand, negative public opinion about one line of business could affect our other lines of businesses. Further, the increased use of social media platforms facilitates the rapid and widespread dissemination of information, including inaccurate, misleading, or false information that could magnify the potential harm to our reputation. Any of these or other events that impair our reputation could affect our ability to attract and retain customers and employees and access sources of funding and capital that could have a materially adverse effect on our results of operations and financial condition.

Our internal controls may be ineffective.

One critical component of our risk management framework is our system of internal controls. Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide reasonable, but not absolute, assurances that the objectives of the controls are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations, financial condition and reputation. See Item 9A. "Controls and Procedures."

We may not be able to attract and retain skilled people.

Our success depends, in large part, on our ability to attract and retain skilled people. Competition for talented personnel in most activities we engage in can be intense, and we may not be able to hire sufficiently skilled people or to retain them. The unexpected loss of services of one or more of our key personnel could have a material adverse impact on our business because of their skills, knowledge of our markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

A downgrade in our credit ratings could have a material adverse impact on us.

Moody's Investors Service, Inc. and DBRS, Inc. continuously evaluate us, and their ratings of our long-term and short-term debt and preferred stock are based on a number of factors, including financial strength as well as factors not entirely within our control, such as conditions affecting the financial services industry generally. In light of these reviews and the continued focus on the financial services industry generally, we may not be able to maintain our current ratings. Ratings downgrades by any of these credit rating agencies could have a significant and immediate impact our funding and liquidity through cash obligations, reduced funding capacity and collateral triggers. A reduction in our credit ratings could also increase our borrowing costs and limit their access to the capital markets.

Downgrades in the credit or financial strength ratings assigned to the counterparties with whom we transact could create the perception that our financial condition will be adversely impacted as a result of potential future defaults by such counterparties. Additionally, we could be adversely affected by a general, negative perception of financial institutions caused by the downgrade of other financial institutions. Accordingly, ratings downgrades of other financial institutions could affect the market price of our common and preferred stock and could limit our access to capital or increase our cost of capital.

Our future growth may require us to raise additional capital in the future, but that capital may not be available when it is needed or may be available only at an excessive cost.

We are required by regulatory agencies to maintain adequate levels of capital to support our operations. We anticipate that current capital levels will satisfy regulatory requirements for the foreseeable future. We, however, may at some point choose to raise additional capital to support future growth. Our ability to raise additional capital will depend, in part, on conditions in the financial markets at that time that are outside of our control. Accordingly, we may be unable to raise additional capital, if and when needed, on terms acceptable to us, or at all.

If the we cannot raise additional capital when needed, our ability to expand operations through internal growth and acquisitions could be materially impacted.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Corporation's financial center properties as of December 31, 2021 totaled 205 financial centers. Of those financial centers, 88 were owned and 117 were leased. Remote service facilities (mainly stand-alone ATMs) are excluded from these totals. The Corporation's headquarters is located in Lancaster, Pennsylvania. The Corporation owns two dedicated operations centers, located in East Petersburg, Pennsylvania and Mantua, New Jersey.

Item 3. Legal Proceedings

The information presented in the "Legal Proceedings" section of "Note 18 - Commitments and Contingencies" in the Notes to Consolidated Financial Statements is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Common Stock

As of December 31, 2021, the Corporation had 160.5 million shares of $2.50 par value common stock outstanding held by approximately 35,200 holders of record. The closing price per share of the Corporation's common stock on February 18, 2022 was $18.33. The common stock of the Corporation is traded on the Global Select Market of The Nasdaq Stock Market under the symbol FULT.

The following table presents the quarterly high and low prices of the Corporation's stock and per share cash dividends declared for each of the quarterly periods in 2021 and 2020:

	Price Range		Per Share Dividend
	High	Low	
2021			
First Quarter	**$ 18.41**	**$ 12.41**	**$ 0.14**
Second Quarter	**18.34**	**15.46**	**0.14**
Third Quarter	**16.27**	**14.16**	**0.14**
Fourth Quarter	**17.39**	**15.28**	**0.22**
2020			
First Quarter	$ 17.62	$ 10.07	$ 0.13
Second Quarter	12.97	8.91	0.13
Third Quarter	10.88	8.89	0.13
Fourth Quarter	13.67	9.15	0.17

Restrictions on the Payments of Dividends

The Corporation is a separate and distinct legal entity from its banking and nonbanking subsidiaries and depends on the payment of dividends from its subsidiaries, principally its banking subsidiary, for substantially all of its revenues. As a result, the Corporation's ability to make dividend payments on its common stock depends primarily on compliance with applicable federal regulatory requirements and the receipt of dividends and other distributions from its subsidiaries. There are various regulatory and prudential supervisory restrictions, which may change from time to time, that impact the ability of its banking subsidiaries to pay dividends or make other payments to the Corporation. In addition, dividends on the Corporation's common stock may not be declared, paid or set aside for payment, unless the full dividends for the immediately preceding dividend payment period for the Corporation's Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A have been declared and paid or declared and a sum sufficient for the payment thereof has been set aside. For additional information regarding the regulatory restrictions applicable to the Corporation and its subsidiaries, see "Supervision and Regulation," in Item 1. "Business;" Item 1A. "Risk Factors - The Corporation is a holding company and relies on dividends and other payments from its subsidiaries for substantially all of its revenue and its ability to make dividend payments, distributions and other payments," under "Risks Related to an Investment in the Corporation's Securities;" and "Note 11 - Regulatory Matters," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about options outstanding under the Corporation's Employee Equity Plan and the number of securities remaining available for future issuance under the Employee Equity Plan, Directors' Plan and the ESPP as of December 31, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (3)
Equity compensation plans approved by security holders	2,302,330	$ 11.57	11,073,621
Equity compensation plans not approved by security holders	—	—	—
Total	2,302,330	$ 11.57	11,073,621

(1) The number of securities to be issued upon exercise of outstanding options, warrants and rights includes 1,162,030 PSUs, which is the target number of PSUs that are payable under the Employee Equity Plan, though no shares will be issued until achievement of applicable performance goals, 239,591 stock option units, 738,201 time-vested RSUs granted under the Employee Equity Plan and 162,508 time-vested RSUs granted under the Directors' Plan.

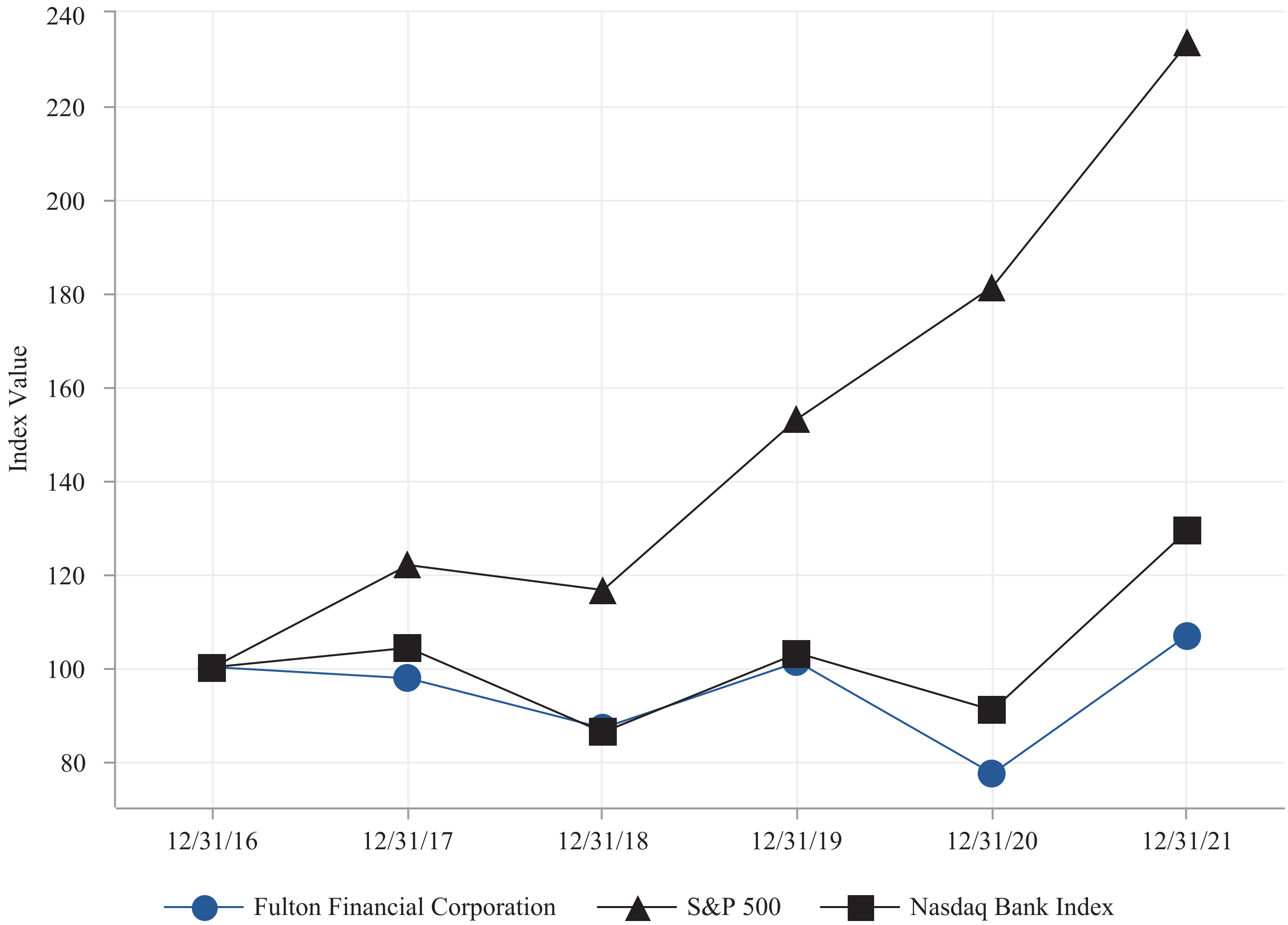
(2) The weighted-average exercise price of outstanding options, warrants and rights does not take into account outstanding PSUs and RSUs granted under the Employee Equity and the Directors' Plan.

(3) Consists of 9,634,000 shares that may be awarded under the Employee Equity Plan, 109,000 shares that may be awarded under the Directors' Plan and 1,330,621 shares that may be purchased under the ESPP. Excludes accrued purchase rights under the ESPP as of December 31, 2021 as the number of shares to be purchased is indeterminable until the shares are issued.

Performance Graph

The following graph shows cumulative total shareholder return (i.e., price change, plus reinvestment of dividends) on the common stock of the Corporation during the five-year period ended December 31, 2021, compared with (1) the Nasdaq Bank Index and (2) the Standard and Poor's 500 index ("S&P 500"). The graph is not indicative of future price performance.

The graph below is furnished under this Part II, Item 5 of this Form 10-K and shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.



	Year Ending December 31					
Index	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Fulton Financial Corporation	$ 100.00	$ 97.62	$ 86.99	$ 101.10	$ 77.24	$ 106.80
S&P 500	$ 100.00	$ 121.83	$ 116.49	$ 153.17	$ 181.35	$ 233.41
Nasdaq Bank Index	$ 100.00	$ 104.14	$ 86.09	$ 102.99	$ 90.82	$ 129.20

Issuer Purchases of Equity Securities

The following table presents the Corporation's monthly repurchases of our common stock during the fourth quarter of 2021:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[2]
October 1, 2021 to October 31, 2021	200,430	$ 15.74	200,430	$ 45,754,230
November 1, 2021 to November 30, 2021	54,773	15.75	54,773	44,891,823
December 1, 2021 to December 31, 2021	856,290	16.05	856,290	31,147,473

1 Excludes immaterial shares repurchased to settle employee tax withholding related to the vesting of stock awards.
2 On February 9, 2021, the Corporation announced that its board of directors approved the repurchase of up to $75.0 million of the Corporation's outstanding common stock through December 31, 2021. On November 19, 2021, the Corporation announced that its board of directors had approved the extension of this program through March 31, 2022.

Item 6. Selected Financial Data

The information previously required by Item 6 of this 10-K has been intentionally omitted, as permitted by the SEC in connection with its adoption of its final rules regarding the amendment to modernize, simplify, and enhance financial disclosure requirements of registrants.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Management’s Discussion and Analysis of Financial Condition and Results of Operations relates to the Corporation, a financial holding company registered under the BHCA and incorporated under the laws of the Commonwealth of Pennsylvania in 1982, and its wholly owned subsidiaries. Management’s Discussion should be read in conjunction with the consolidated financial statements and other financial information presented in this report.

FORWARD-LOOKING STATEMENTS

The Corporation has made, and may continue to make, certain forward-looking statements with respect to its financial condition, results of operations and business. Do not unduly rely on forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "will," "could," "estimates," "predicts," "potential," "continue," "anticipates," "believes," "plans," "expects," "future," "intends," "projects," the negative of these terms and other comparable terminology. These forward-looking statements may include projections of, or guidance on, the Corporation's future financial performance, expected levels of future expenses, including future credit losses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in the Corporation's business or financial results.

Forward-looking statements are neither historical facts, nor assurance of future performance. Instead, the statements are based on current beliefs, expectations and assumptions regarding the future of the Corporation's business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Corporation's control, and actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not unduly rely on any of these forward-looking statements. Any forward-looking statement is based only on information currently available and speaks only as of the date when made. The Corporation undertakes no obligation, other than as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Many factors could affect future financial results including, without limitation:

- the impact of adverse conditions in the economy and financial markets on the performance of the Corporation’s loan portfolio and demand for the Corporation's products and services;
- the scope and duration of the COVID-19 pandemic, actions taken by governmental authorities in response to the pandemic, the Corporation's participation in the PPP and other COVID-19 relief programs, and the direct and indirect impacts of the pandemic on the Corporation, its customers and third parties;
- the determination of the ACL, which depends significantly upon assumptions and judgments with respect to a variety of factors, including the performance of the loan portfolio, the weighted-average remaining lives of different classifications of loans within the loan portfolio and current and forecasted economic conditions, among other factors;
- increases in non-performing assets, which may require the Corporation to increase the allowance for credit losses, charge-off loans and incur elevated collection and carrying costs related to such non-performing assets;
- investment securities gains and losses, including other-than-temporary declines in the value of securities which may result in charges to earnings;
- the effects of market interest rates, and the relative balances of interest rate-sensitive assets to interest rate-sensitive liabilities, on net interest margin and net interest income;
- the replacement of LIBOR as a benchmark reference rate;
- the effects of changes in interest rates on demand for the Corporation's products and services;
- the effects of changes in interest rates or disruptions in liquidity markets on the Corporation's sources of funding;
- the effects of the extensive level of regulation and supervision to which the Corporation and Fulton Bank are subject;
- the effects of the significant amounts of time and expense associated with regulatory compliance and risk management;
- the potential for negative consequences resulting from regulatory violations, investigations and examinations, including potential supervisory actions, the assessment of fines and penalties, the imposition of sanctions, the need to undertake remedial actions and possible damage to the Corporation's reputation;
- the continuing impact of the Dodd-Frank Act on the Corporation's business and results of operations;
- the effects of, and uncertainty surrounding, new legislation, changes in regulation and government policy, which could result in significant changes in banking and financial services regulation;

- the effects of actions by the federal government, including those of the Federal Reserve Board and other government agencies, that impact money supply and market interest rates;
- the effects of changes in U.S. federal, state or local tax laws;
- the effects of negative publicity on the Corporation's reputation;
- the effects of adverse outcomes in litigation and governmental or administrative proceedings;
- the potential to incur losses in connection with repurchase and indemnification payments related to sold loans;
- the Corporation’s ability to achieve its growth plans;
- completed and potential acquisitions may affect costs and the Corporation may not be able to successfully integrate the acquired business or realize the anticipated benefits from such acquisitions;
- the potential effects of climate change on the Corporation's business and results of operations;
- the effects of concerns relating to the Corporation's ESG posture, including potential adverse impacts on the Corporation's reputation and the market value of its securities;
- the effects of competition on deposit rates and growth, loan rates and growth and net interest margin;
- the Corporation's ability to manage the level of non-interest expenses, including salaries and employee benefits expenses, operating risk losses and goodwill impairment;
- the effects of changes in accounting policies, standards, and interpretations on the Corporation's reporting of its financial condition and results of operations;
- the impact of operational risks, including the risk of human error, inadequate or failed internal processes and systems, computer and telecommunications systems failures, faulty or incomplete data and an inadequate risk management framework;
- the impact of failures of third parties upon which the Corporation relies to perform in accordance with contractual arrangements;
- the failure or circumvention of the Corporation's system of internal controls;
- the loss of, or failure to safeguard, confidential or proprietary information;
- the Corporation's failure to identify and adequately and promptly address cybersecurity risks, including data breaches and cyber-attacks;
- the Corporation's ability to keep pace with technological changes;
- the Corporation's ability to attract and retain talented personnel;
- capital and liquidity strategies, including the Corporation's ability to comply with applicable capital and liquidity requirements, and the Corporation's ability to generate capital internally or raise capital on favorable terms;
- the Corporation's reliance on its subsidiaries for substantially all of its revenues and its ability to pay dividends or other distributions; and
- the effects of any downgrade in the Corporation or Fulton Bank's credit ratings on each of their borrowing costs or access to capital markets.

OVERVIEW

The Corporation is a financial holding company, which, through its wholly owned banking subsidiary, provides a full range of retail and commercial financial services in Pennsylvania, Delaware, Maryland, New Jersey and Virginia.

The Corporation generates the majority of its revenue through net interest income, or the difference between interest earned on loans and investments and interest paid on deposits and borrowings. Growth in net interest income is dependent upon balance sheet growth and maintaining or increasing the net interest margin, which is FTE net interest income as a percentage of average interest-earning assets. The Corporation also generates revenue through fees earned on the various services and products offered to its customers and through gains on sales of assets, such as loans, investments and properties. Offsetting these revenue sources are provisions for credit losses on loans and OBS credit risks, non-interest expenses and income taxes.

The following table presents a summary of the Corporation's earnings and selected performance ratios:

	2021	2020
Net income (in thousands)	**$ 275,497**	$ 178,040
Net income available to common shareholders (in thousands)	**$ 265,220**	$ 175,905
Diluted net income available to common shareholders per share	**$ 1.62**	$ 1.08
Return on average assets, annualized	**1.05 %**	0.73 %
Return on average equity	**10.64 %**	7.45 %
Return on average common shareholders' equity (tangible) (1)	**13.58 %**	9.66 %
Net interest margin (2)	**2.78 %**	2.86 %
Efficiency ratio (1)	**63.1 %**	65.7 %
Non-performing assets to total assets	**0.60 %**	0.58 %
Annualized net charge-offs to average loans	**0.07 %**	0.05 %

(1) Ratio represents a financial measure derived by methods other than GAAP. See reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure under the heading, "Supplemental Reporting of Non-GAAP Based Financial Measures,".

(2) Presented on an FTE basis, using a 21% Federal tax rate and statutory interest expense disallowances. See also the "Net Interest Income" section of Management's Discussion.

Supplemental Reporting of Non-GAAP Based Financial Measures

This Annual Report on Form 10-K contains supplemental financial information, as detailed below, which has been derived by methods other than GAAP. The Corporation has presented these non-GAAP financial measures because it believes that these measures provide useful and comparative information to assess trends in the Corporation's results of operations and financial condition. Presentation of these non-GAAP financial measures is consistent with how the Corporation evaluates its performance internally, and these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Corporation's industry. Management believes that these non-GAAP financial measures, in addition to GAAP measures, are also useful to investors to evaluate the Corporation's results. Investors should recognize that the Corporation's presentation of these non-GAAP financial measures might not be comparable to similarly-titled measures of other companies. These non-GAAP financial measures should not be considered a substitute for GAAP basis measures, and the Corporation strongly encourages a review of its consolidated financial statements in their entirety.

Following are reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure as of and for the year ended December 31:

	2021	2020	2019
	(in thousands, except per share data and percentages)		
Return on average common shareholders' equity (tangible)			
Net income available to common shareholders	$ **265,220**	$ 175,905	$ 226,339
Plus: Intangible amortization, net of tax	**462**	417	1,127
Numerator	$ **265,682**	$ 176,322	$ 227,466
Average common shareholders' equity	$ **2,685,946**	$ 2,391,649	$ 2,306,070
Less: Average goodwill and intangible assets	**(536,621)**	(535,196)	(534,120)
Less: Average preferred stock	**(192,878)**	(32,084)	—
Average tangible common shareholders' equity (denominator)	$ **1,956,447**	$ 1,824,369	$ 1,771,950
Return on average common shareholders' equity (tangible)	**13.58 %**	9.66 %	12.84 %
Efficiency ratio			
Non-interest expense	$ **617,830**	$ 579,440	$ 567,736
Less: Amortization of tax credit investments	**(6,187)**	(6,126)	(6,021)
Less: Intangible amortization	**(589)**	(529)	(1,427)
Less: Prepayment penalty on FHLB advances	**(33,249)**	(2,878)	(4,326)
Numerator	$ **577,805**	$ 569,907	$ 555,962
Net interest income	$ **663,730**	$ 629,207	$ 648,389
Tax equivalent adjustment	**12,296**	12,303	12,967
Plus: Total non-interest income	**273,745**	229,388	216,159
Less: Investment securities gains, net	**(33,516)**	(3,053)	(4,733)
Denominator	$ **916,255**	$ 867,845	$ 872,782
Efficiency ratio	**63.1 %**	65.7 %	63.7 %
Non-performing assets to common shareholders' equity (tangible) and ACL - loans			
Non-performing assets (numerator)	$ **153,936**	$ 151,305	$ 147,986
Shareholders' equity	$ **2,712,680**	$ 2,616,828	$ 2,342,176
Less: Preferred Stock	**(192,878)**	(192,878)	—
Less: Goodwill and intangible assets	**(538,053)**	(536,659)	(535,303)
Tangible common shareholders' equity	**1,981,749**	1,887,291	1,806,873
Plus: ACL - loans	**249,001**	277,567	166,209
Tangible common shareholders' equity and ACL - loans (denominator)	$ **2,230,750**	$ 2,164,858	$ 1,973,082
Non-performing assets to tangible common shareholders' equity and ACL - loans	**6.90 %**	6.99 %	7.50 %

(1) Presented on a fully taxable equivalent basis, using a 21% federal tax rate for 2019 through 2021.

COVID-19 Pandemic

The COVID-19 pandemic has caused substantial disruptions in economic and social activity, both globally and in the United States. The spread of COVID-19, and related governmental actions to respond to the pandemic have caused severe disruptions in the U.S. economy, which have, in turn, disrupted, and will likely continue to disrupt, the business, activities, and operations of the Corporation's customers as well as the Corporation's own business and operations. In many locations throughout the U.S., the spread of COVID-19 decreased through much of 2021. However, due in large part to the increased spread of a new, more transmissible coronavirus variant, the number of individuals diagnosed with COVID-19 in the U.S. increased substantially late in 2021 causing continued governmental responses. The resulting impacts of the pandemic have continued to cause changes in consumer and business spending, borrowing needs and saving habits that have and will likely continue to affect the demand for loans and other products and services the Corporation offers, as well as the creditworthiness of its borrowers. The significant impact on commercial activity and disruptions in supply chains associated with the pandemic, both nationally and in the Corporation's markets, may cause customers, vendors and counterparties to be unable to meet existing payment or other obligations to the Corporation.

While employment and the national economy are showing signs of recovery, there is still significant uncertainty concerning the breadth and duration of the economic and social disruptions caused by the COVID-19 pandemic and their impact on the U.S. economy. The extent to which the pandemic continues to impact the Corporation's operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the continuing progression of the COVID-19 pandemic, whether there are additional outbreaks of COVID-19 and its variants, including vaccine-resistant variants, and the actions taken to contain it or treat its impact. Moreover, although multiple COVID-19 vaccines and booster vaccines have received regulatory approval and are currently being distributed throughout the U.S. and the world, a significant portion of the population remains unvaccinated. If the pandemic continues to cause significant negative impacts to economic conditions, the Corporation's results of operations, financial condition and cash flows could be materially adversely impacted.

The Corporation's business is dependent upon the willingness and ability of its customers to conduct banking and other financial transactions. In an effort to mitigate the spread of COVID-19, the Corporation adjusted service models at certain of its financial center locations, including limiting some locations to drive-up and ATM services only, offering lobby access by appointment only, and encouraging the Corporation's customers to use electronic banking platforms. A significant portion of the Corporation's employees has transitioned to remote or hybrid onsite-remote working arrangements as a result of the COVID-19 pandemic, which, in addition to requiring added support from the Corporation's information technology infrastructure, increases cybersecurity risks.

COVID-19 has significantly affected the financial markets and has resulted in a number of responses by the U.S. government, including reductions in interest rates by the FOMC. These reductions in interest rates, especially if prolonged, could adversely affect the Corporation's net interest income and margins and the Corporation's profitability.

The CARES Act was enacted in March 2020 and, among other provisions, authorized the SBA to guarantee loans under the PPP for small businesses that meet eligibility requirements in order to keep their workers on the payroll and fund specified operating expenses. Subsequent legislation extended the authority of the SBA to guaranty loans under the PPP through August 8, 2020. In December 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act reauthorized the SBA to guarantee loans under the PPP through March 31, 2021, and the PPP Extension Act of 2021 extended that authorization through June 30, 2021 for applications received by the SBA prior to June 1, 2021. From the inception of the PPP through December 31, 2021, the Corporation funded a total of approximately $2.7 billion of loans under the PPP. Through December 31, 2021, a total of $2.2 billion of those PPP loans have qualified for loan forgiveness and have been repaid by the SBA.

A series of stimulus payments to eligible consumers, enhanced unemployment benefits provided by the federal government and traditional, state-provided unemployment compensation, as well as other forms of relief provided to consumers and businesses, have helped to limit some of the adverse impacts of COVID-19 and, together with other factors, have contributed to significant growth in the Corporation's customer deposit balances since the onset of the pandemic. The reduction, expiration or discontinuation of these measures may adversely impact the recovery of economic activity and the ability of borrowers to meet their payment and other obligations to the Corporation, either of which could require the Corporation to increase the ACL through provisions for credit losses. Further, if economic activity continues to recover, and consumer spending and business investment increase, customers may be less likely to maintain deposit balances with the Corporation at recent levels and may require the Corporation to increase its reliance on alternative or higher-cost sources of funding.

The impact of COVID-19 on the Corporation's financial results is evolving and uncertain. The Corporation has limited exposure to some of the industries that were initially most significantly impacted by COVID-19, such as hospitality and food services, energy and entertainment, and most of these loans are secured by real estate and other forms of collateral. While many areas of the economy continue to show signs of recovery, the lingering effects of the pandemic, particularly in certain sectors of the economy, or a resurgence in COVID-19 infections that prompts the continuation or imposition of governmental restrictions on activities, may result in decreased demand for the Corporation's loan products. In addition, the decline in economic activity occurring due to COVID-19 and the actions by the FOMC with respect to interest rates are likely to affect the Corporation's net interest income, non-interest income and credit-related losses for an uncertain period of time. See additional discussion in "Results of Operations" and "Financial Condition" of Management's Discussion.

Adoption of CECL

On January 1, 2020, the Corporation adopted ASU 2016-13, *Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments,* which replaced the incurred loss methodology, and is referred to as CECL. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans and HTM debt securities. It also applies to OBS credit exposures, such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments, and net investments in leases recognized by a lessor in accordance with ASC Topic 842. Refer to "Note 1 - Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information on the adoption of CECL.

The Corporation adopted CECL using the modified retrospective method for all financial assets measured at amortized cost, and OBS credit exposures. Results for 2020 are presented under CECL, and prior years' results are reported in accordance with the previously applicable incurred loss methodology. The Corporation recorded an increase of $58.3 million to the ACL on January 1, 2020, primarily as a result of the adoption of CECL. Retained earnings decreased $43.8 million and DTAs increased by $12.4 million on January 1, 2020, representing the cumulative effect of adoption.

Financial Highlights

Following is a summary of the financial highlights for the year ended December 31, 2021:

- *Net Inco*me Per Share - Diluted net income per share increased $0.54, or 50.0%, to $1.62 in 2021 compared to $1.08 in 2020. The increase in net income per share was due to a $89.3 million, or 50.8%, increase in net income available to common shareholders.

- *Net Interest Income* - The $34.5 million, or 5.5%, increase in net interest income before provision for credit losses primarily resulted from $59.0 million in PPP loan fees.

  - *Net Interest Margin* - For the year ended December 31, 2021, net interest margin decreased to 2.78%, or 8 bps compared to 2020, driven by a 34 bps decrease in the yield on interest-earning assets, partially offset by a 27 bps decrease on cost of funds.

  - *Loan Growth* - Average Net Loans grew by $0.4 billion, or 2.0%, in comparison to 2020. Included in average Net Loans were PPP loans that had an average balance of $1.1 billion, a decrease of $0.1 billion from 2020. The increase in average Net Loans was mainly driven by a $0.6 billion increase in the residential mortgage loan portfolio.

  - *Deposit Growth* - Average deposits increased $2.3 billion, or 12.0%, in comparison to 2020. The increase was the result of growth in total demand and savings. At December 31, 2021, the loan-to-deposit ratio was 84.9%, as compared to 90.7% at December 31, 2020.

- *Asset Quality* - Non-performing assets increased $2.6 million, or 1.7%, as of December 31, 2021 compared to December 31, 2020. Net charge-offs to average loans outstanding were 0.07% for the year ended December 31, 2021 compared to 0.05% for the year ended December 31, 2020. The provision for credit losses decreased $91.5 million, to $(14.6) million, for the year ended December 31, 2021 compared to $76.9 million for the same period in 2020. The higher provision in 2020 was largely driven by the adoption of CECL, which, as a result of an overall downturn in economic forecasts due to COVID-19, resulted in increases in the ACL due to higher expected future credit losses under CECL. The reduction of provision in 2021 is largely driven by improved economic conditions in comparison to 2020.

- *Non-Interest Income* - Non-interest income, excluding investment securities gains, increased $13.9 million, or 6.1%, in comparison to 2020. The increase was primarily due to increases of $12.7 million in wealth management, $7.1 million in income from equity method investments and $3.9 million in consumer banking income, offset by declines of $8.7 million in mortgage banking income, due to a $29.2 million decline in income from loan sales, partially offset by a net favorable pre-tax income change attributable to the mortgage servicing rights valuation allowance as compared to 2020 of $20.4 million. Specifically, Fulton increased the mortgage servicing valuation allowance by $10.5 million in 2020. The Corporation reduced the valuation allowance by $9.9 million in 2021. As of December 31, 2021, the mortgage servicing rights valuation allowance remaining was $0.6 million.

- *Investment Securities Gains/Balance Sheet Restructurings* - During both 2021 and 2020 the Corporation completed limited balance sheet restructurings which included sales of investment securities, corresponding prepayments of

FHLB advances and in 2021, the cash tender offer for certain of its outstanding senior and subordinated notes. As a result, investment securities gains totaled $33.5 million in 2021, as compared to $3.1 million in 2020, a $30.4 million increase. In addition, included in non-interest expense were debt extinguishment costs on FHLB advances of $33.2 million and $2.9 million incurred during 2021 and 2020, respectively.

- *Non-Interest Expense* - Total non-interest expense increased $38.4 million, or 6.6%, to $617.8 million in 2021 in comparison to 2020. Non-interest expense, excluding debt extinguishment costs of $33.2 million, was $584.6 million, an increase of $21.3 million, or 3.8%, compared to non-interest expenses of $563.2 million in 2020, which excludes expenses associated with cost savings initiatives of $16.2 million. Excluding the net decrease in severance costs of $5.9 million, the increase in non-interest expense over 2020 was primarily due to increases in salaries and employee benefits of $10.6 million, attributable to a $12.7 million increase in incentive compensation and bonuses. Also contributing to the increase in non-interest expense were $8.4 million in data processing and software and $2.8 million in other outside services expense, partially offset by a $3.2 million decrease in professional fees.

- *Income Taxes* - Income tax expense for 2021 resulted in an ETR of 17.6%, as compared to 12.0% for 2020. The ETR was higher mainly due to higher income before income taxes. The ETR is generally lower than the federal statutory rate of 21% due to tax-exempt interest income earned on loans, investments in tax-free municipal securities and TCIs.

- *Long-term Borrowings* - During 2021, the Corporation prepaid FHLB advances reducing the long-term balance to zero from $536.0 million. Also, in the first quarter of 2021, the Corporation completed a cash tender offer for $75.0 million of 4.50% subordinated debt due in 2024 and $60 million of 3.60% senior notes due in 2022. In March 2020, the Corporation issued a total of $375.0 million of subordinated notes, with $200.0 million of subordinated notes due in 2030 having a fixed-to-floating rate of 3.25% and an effective rate of 3.35% and $175.0 million of subordinated notes due in 2035 having a fixed-to-floating rate of 3.75% and an effective rate of 3.85%.

- *Preferred Stock* - In October 2020, the Corporation issued 8.0 million depositary shares ("Depositary Shares"), each representing a 1/40th interest in a share of Fulton’s 5.125% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, with a liquidation preference of $1,000 per share (equivalent to $25.00 per Depositary Share), for an aggregate offering amount of $200.0 million. The Corporation received net proceeds from the offering of $192.9 million, after deducting issuance costs.

CRITICAL ACCOUNTING POLICIES

The following is a summary of those accounting policies that the Corporation considers to be most important to the presentation of its financial condition and results of operations, because they require management’s most difficult judgments as a result of the need to make estimates about the effects of matters that are inherently uncertain. See additional information regarding these critical accounting policies in "Note 1 - Summary of Significant Accounting Policies," in the Notes to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Allowance for Credit Losses - The Corporation adopted CECL in the first quarter of 2020. In accordance with CECL, the ACL, which includes both the ACL - loans and the ACL - OBS credit exposures, is based on estimated losses over the remaining expected life of loans and OBS exposures. Management's determination of the appropriateness of the reserve is based on periodic evaluations of the loan portfolio, lending-related commitments, current and forecasted economic factors and other relevant factors.

In determining the ACL, the Corporation uses three inputs in the model estimate. These inputs are PD, which estimates the likelihood that a borrower will be unable to meet its debt obligations; LGD, which estimates the share of an asset that is lost if a borrower defaults; and EAD, which estimates the gross exposure under a facility upon default. The PD models were developed based on historical default data. Both internal and external variables are evaluated in the process. The main internal variables are risk rating or delinquency history, and the external variables are economic variables obtained from third-party provided forecasts. Management applies risk-rating transition matrices to pools of loans and lending-related commitments with similar risk characteristics to determine default probabilities, utilizes economic forecasts, applies modeled LGD results to associated EAD and incorporates modeled overlays and qualitative adjustments to estimate ACL. As such, the calculation of the ACL is inherently subjective and requires management to exercise significant judgment.

The ACL is estimated over a reasonable and supportable forecast period based on the projected performance of specific economic variables that statistically correlate with PD rates. As economic variables revert to long-term averages through the forecast process, externally developed long-term economic forecasts are used to establish the impacts of the economic scenario, reversion, and long-term averages in the development of losses over the expected life of the assets being modeled. The ACL reserve is highly sensitive to the economic forecasts used to develop the reserve. Due to the high level of uncertainty regarding significant assumptions, such as the ultimate impact of COVID-19 and effectiveness of the related governmental responses, since the beginning of 2020, the Corporation has evaluated a range of economic scenarios, including more and less severe economic deteriorations, with varying speeds of recovery.

The ACL includes qualitative adjustments, as appropriate, intended to capture the impact of uncertainties not reflected in the quantitative models. Qualitative adjustments include and consider changes in national, regional and local economic and business conditions, an assessment of the lending environment, including underwriting standards and other factors affecting credit quality. Qualitative adjustments have increased compared to those at the time of the adoption of CECL on January 1, 2020 primarily as a result of uncertainties related to the economic impact of COVID-19, including consideration for the future performance of loans that received deferrals or forbearances as a result of COVID-19 and the impact COVID-19 had on certain industries where the quantitative models were not fully capturing the appropriate level of risk. The impact from qualitative adjustments on the ACL decreased in 2021 with the improvement in economic conditions.

The ACL was $249.0 million and $277.6 million on December 31, 2021 and December 31, 2020, respectively. The decrease of $28.6 million was primarily a result of improved economic conditions.

The Corporation performs loan loss sensitivity analysis on a quarterly basis to determine the impact of varying economic conditions based on Moody's model projections. Our sensitivity analysis does not represent management's view of expected credit losses at the balance sheet date. One scenario identified below the base case projection includes a slowdown in near-term economic growth. This scenario resulted in a hypothetical increase to the ACL of approximately $13.8 million.

For further discussion of the methodology used in the determination of the ACL, refer to Note 1, "Summary of Significant Accounting Policies" in the Notes to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Income Taxes – The provision for income taxes is based upon income before taxes, adjusted for the effect of certain tax-exempt income, non-deductible expenses and credits. In addition, certain items of income and expense are reported in different periods for financial reporting and tax return purposes. The tax effects of these temporary differences are recognized currently in the deferred income tax provision or benefit. DTAs or deferred tax liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using the applicable enacted marginal tax rate.

The Corporation must also evaluate the likelihood that DTAs will be recovered through future taxable income. If any such assets are determined to be more likely than not unrecoverable, then a valuation allowance must be recognized. The assessment of the carrying value of DTAs is based on certain assumptions, the changes of which could have a material impact on the Corporation's consolidated financial statements.

On a periodic basis, the Corporation evaluates its income tax provision based on tax laws, regulations and financial reporting considerations and records adjustments as appropriate. Recognition and measurement of tax positions is based upon management's evaluations of current taxing authorities' examinations of the Corporation's tax returns, recent positions taken by the taxing authorities on similar transactions and the overall tax environment.

The provision for income taxes was $58.7 million and $24.2 million on December 31, 2021 and December 31, 2020, respectively.

Recently Issued Accounting Standards

For a description of accounting standards recently issued, but not yet adopted by the Corporation, see "Recently Issued Accounting Standards," in "Note 1 - Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

RESULTS OF OPERATIONS

Net Interest Income

Net interest income is the most significant component of the Corporation's net income. The Corporation manages the risk associated with changes in interest rates through the techniques described within Item 7A, "Quantitative and Qualitative Disclosures About Market Risk." The following table provides a comparative average balance sheet and net interest income analysis for 2021 compared to 2020 and 2019. Interest income and yields are presented on an FTE basis, using a 21% federal tax rate, as well as statutory interest expense disallowances. The discussion following this table is based on these tax-equivalent amounts.

	2021			2020			2019		
	Average Balance	**Interest**	**Yield/ Rate**	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
				(dollars in thousands)					
ASSETS									
Interest-earning assets:									
Net Loans [(1)]	**$18,627,787**	**$ 644,387**	**3.46 %**	$18,270,390	$ 662,785	3.63 %	$16,430,347	$ 747,119	4.55 %
Taxable investment securities [(2)]	**2,665,416**	**55,351**	**1.88**	2,182,410	58,173	2.66	2,278,448	62,556	2.74
Tax-exempt investment securities [(2)]	**1,007,834**	**30,974**	**3.07**	825,057	26,641	3.22	500,398	17,998	3.57
Total investment securities	**3,673,250**	**86,325**	**2.35**	3,007,467	84,814	2.82	2,778,846	80,554	2.89
Loans held for sale	**39,211**	**1,302**	**3.32**	60,015	2,077	3.46	25,795	1,351	5.24
Other interest-earning assets	**2,014,954**	**3,694**	**0.18**	1,120,727	5,504	0.49	445,008	9,249	2.08
Total interest-earning assets	**24,355,202**	**735,708**	**3.02**	22,458,599	755,180	3.36	19,679,996	838,273	4.26
Noninterest-earning assets:									
Cash and due from banks	**165,942**			139,146			119,144		
Premises and equipment	**228,708**			238,864			239,376		
Other assets	**1,686,053**			1,746,956			1,385,689		
Less: ACL - loans [(3)]	**(265,572)**			(249,848)			(166,165)		
Total Assets	**$26,170,333**			$24,333,717			$21,258,040		
LIABILITIES AND EQUITY									
Interest-bearing liabilities:									
Demand deposits	**$ 5,979,479**	**$ 3,662**	**0.06 %**	$ 5,278,941	$ 11,390	0.22 %	$ 4,384,059	$ 33,348	0.76 %
Savings and money market deposits	**6,306,967**	**4,936**	**0.08**	5,550,234	14,654	0.26	5,018,381	41,823	0.83
Brokered deposits	**286,901**	**1,096**	**0.38**	310,763	2,387	0.77	245,501	5,779	2.35
Time deposits	**1,939,446**	**20,311**	**1.05**	2,546,305	41,615	1.63	2,869,326	50,825	1.77
Total interest-bearing deposits	**14,512,793**	**30,005**	**0.21**	13,686,243	70,046	0.51	12,517,267	131,775	1.05
Short-term borrowings	**513,092**	**583**	**0.11**	810,583	5,227	0.64	849,679	14,543	1.70
Long-term borrowings	**784,871**	**29,094**	**3.71**	1,254,300	38,398	3.06	942,600	30,599	3.25
Total interest-bearing liabilities	**15,810,756**	**59,682**	**0.38**	15,751,126	113,671	0.72	14,309,546	176,917	1.24
Noninterest-bearing liabilities:									
Demand deposits	**7,211,153**			5,714,803			4,249,294		
Other liabilities	**462,478**			476,139			393,130		
Total Liabilities	**23,484,387**			21,942,068			18,951,970		
Total deposits/Cost of deposits	**21,723,946**		**0.14**	19,401,046		0.36	16,766,561		0.79
Total Interest-bearing liabilities and non-interest bearing deposits/Cost of funds	**23,021,909**		**0.26**	21,465,929		0.53	18,558,840		0.95
Shareholders' equity	**2,685,946**			2,391,649			2,306,070		
Total Liabilities and Shareholders' Equity	**$26,170,333**			$24,333,717			$21,258,040		
Net interest income/net interest margin (FTE)		**676,026**	**2.78 %**		641,509	2.86 %		661,356	3.36 %
Tax equivalent adjustment		**(12,296)**			(12,302)			(12,967)	
Net interest income		**$ 663,730**			$ 629,207			$ 648,389	

(1) Average balances include non-performing loans.
(2) Average balances include amortized historical cost for AFS securities; the related unrealized holding gains (losses) are included in other assets.
(3) ACL - loans relates to the ACL specifically for Net Loans and does not include the ACL for OBS credit exposures, which is included in other liabilities.

Comparison of 2021 to 2020

The following table summarizes the changes in FTE interest income and interest expense resulting from changes in average balances (volumes) and changes in yields and rates:

	2021 vs. 2020 Increase (decrease) due to change in		
	Volume	**Yield/Rate** (in thousands)	**Net**
Interest income on:			
Net loans [1]	$ 12,882	$ (31,280)	$ (18,398)
Taxable investment securities	13,430	(16,252)	(2,822)
Tax-exempt investment securities	5,625	(1,292)	4,333
Loans held for sale	(694)	(81)	(775)
Other interest-earning assets	2,866	(4,676)	(1,810)
Total interest income	$ 34,109	$ (53,581)	$ (19,472)
Interest expense on:			
Demand deposits	$ 1,414	$ (9,142)	$ (7,728)
Savings deposits	1,689	(11,407)	(9,718)
Brokered deposits	(170)	(1,121)	(1,291)
Time deposits	(8,545)	(12,759)	(21,304)
Short-term borrowings	(1,426)	(3,218)	(4,644)
Long-term borrowings	(16,337)	7,033	(9,304)
Total interest expense	$ (23,375)	$ (30,614)	$ (53,989)

(1) Average balance includes non-performing loans.

Note: Changes which are partially attributable to both volume and rate are allocated to the volume and rate components presented above based on the percentage of the direct changes that are attributable to each component.

FTE net interest income increased $34.5 million, or 5.4%, to $676.0 million in 2021. Net interest margin decreased 8 bps to 2.78% in 2021 from 2.86% in 2020. As summarized above, FTE interest income decreased $53.6 million as the result of a 34 bps decrease in the yield on interest-earning assets, and increased $34.1 million as the result of a $1.9 billion, or 8.4%, increase in average interest-earning assets, primarily in investments and loans. The yield on the loan portfolio decreased 17 bps, to 3.46%, largely due to decreases in the Fed Funds Rate in 2020 and corresponding decreases in loan index rates. At that time, all variable and certain adjustable rate loans repriced to lower rates as a result of these interest rate decreases, and yields on new loan originations were lower than the average yield on the loan portfolio. Adjustable rate loans reprice on dates specified in loan agreements, which may be later than the date the Fed Funds Rate and related loan index rates increase or decrease. Therefore, the benefit of increases or the reverse effect of decreases in index rates on adjustable rate loans may not be fully realized until future periods.

Interest expense decreased $54.0 million, with a 34 bps decrease in the rate on average interest-bearing liabilities contributing $30.6 million to this decrease. In addition, a shift into lower-cost demand deposits and savings and money market deposits, which increased $1.5 billion collectively, combined with a decrease in higher-cost time deposits, short-term borrowings and long-term borrowings of $1.4 billion, were the primary drivers for $23.4 million of the reduction in interest expense.

Average loans and average FTE yields, by type, are summarized in the following table:

	2021		2020		Increase (Decrease) in Balance	
	Balance	**Yield**	Balance	Yield	$	%
			(dollars in thousands)			
Real estate – commercial mortgage	**$ 7,149,712**	**3.14 %**	$ 6,928,269	3.53 %	$ 221,443	3.2 %
Commercial and industrial [(1)]	**5,052,856**	**2.64**	5,501,317	3.10	(448,461)	(8.2)
Real estate – residential mortgage	**3,501,072**	**3.40**	2,876,538	3.80	624,534	21.7
Real estate – home equity	**1,141,042**	**3.85**	1,255,094	4.11	(114,052)	(9.1)
Real estate – construction	**1,078,350**	**3.08**	965,534	3.64	112,816	11.7
Consumer	**456,427**	**3.99**	466,419	4.16	(9,992)	(2.1)
Equipment lease financing	**252,104**	**3.89**	281,859	3.93	(29,755)	(10.6)
Other [(2)]	**(3,776)**	**—**	(4,640)	—	864	18.6
Total loans	**$ 18,627,787**	**3.46 %**	$18,270,390	3.63 %	$ 357,397	2.0 %

(1) Includes average PPP loans of $1.1 billion and $1.3 billion for the years ended December 31, 2021 and 2020, respectively.
(2) Consists of overdrafts and net origination fees and costs.

Average loans increased $357.4 million, or 2.0%, which contributed $12.9 million to FTE interest income. The increase was driven largely by growth in residential and commercial mortgage loans, partially offset by a decrease in commercial and industrial loans, primarily due to the decrease in PPP loans. The yield on average loans decreased 17 bps resulting in a decrease in FTE interest income of $31.2 million.

Average investment securities increased $665.8 million, or 22.1%, in comparison to 2020, which contributed a $19.1 million increase in FTE interest income, offset by a decrease of 47 bps in investment yield, resulting in a $17.5 million decrease in FTE interest income. Other interest-earning assets increased $894.2 million, contributing $2.9 million to FTE interest income. The yield on other interest-earning assets decreased 31 bps in comparison to 2020, as a result of the Fed Funds Rate decreases during 2020, resulting in a $4.7 million decrease in FTE interest income.

Average deposits and interest rates, by type, are summarized in the following table:

	2021		2020		Increase (Decrease) in Balance	
	Balance	**Rate**	Balance	Rate	$	%
			(dollars in thousands)			
Noninterest-bearing demand	**$ 7,211,153**	**— %**	$ 5,714,803	— %	$ 1,496,350	26.2 %
Interest-bearing demand	**5,979,479**	**0.06**	5,278,941	0.22	700,538	13.3
Savings	**6,306,967**	**0.08**	5,550,234	0.26	756,733	13.6
Total demand and savings	**19,497,599**	**0.04**	16,543,978	0.16	2,953,621	17.9
Brokered deposits	**286,901**	**0.38**	310,763	0.77	(23,862)	(7.7)
Time deposits	**1,939,446**	**1.05**	2,546,305	1.63	(606,859)	(23.8)
Total deposits	**$ 21,723,946**	**0.14 %**	$19,401,046	0.36 %	$ 2,322,900	12.0 %

The cost of interest-bearing deposits decreased 30 bps, to 0.21%, from 0.51% in 2020, resulting in a $34.4 million decrease in interest expense compared to 2020. These rates do not include the impact of non-interest bearing deposits, which lowered the cost of total deposits to 0.14% and 0.36% in 2021 and 2020, respectively. The decrease in deposit costs was primarily the result of reductions in deposit rates resulting from decreases in the Fed Funds Rate. The majority of deposit rates are discretionary, with the exception of indexed municipal deposit balances. The average balance of interest-bearing deposits increased $0.8 billion, or 6.0%, in comparison to 2020.

Average borrowings and interest rates, by type, are summarized in the following table:

	2021		2020		Increase (Decrease) in Balance	
	Balance	**Rate**	Balance	Rate	$	%
	(dollars in thousands)					
Short-term borrowings:						
Customer funding [1]	**$ 513,092**	**0.11 %**	$ 553,033	0.28 %	$ (39,941)	(7.2)%
Federal funds purchased	**—**	**—**	64,918	0.82	(64,918)	N/M
FHLB advances and other borrowings [2]	**—**	**—**	192,632	1.61	(192,632)	N/M
Total short-term borrowings	**513,092**	**0.11**	810,583	0.64	(297,491)	(36.7)
Long-term borrowings:						
FHLB advances	**126,677**	**1.80**	557,596	1.86	(430,919)	(77.3)
Other long-term borrowings	**658,194**	**4.07**	696,704	4.02	(38,510)	(5.5)
Total long-term borrowings	**784,871**	**3.71**	1,254,300	3.06	(469,429)	(37.4)
Total borrowings	**$ 1,297,963**	**2.29 %**	$ 2,064,883	2.11 %	$ (766,920)	(37.1)%

(1) Includes short-term promissory notes.
(2) Represents FHLB advances with an original maturity term of less than one year.

Total average borrowings decreased $766.9 million, or 37.1%, while the total borrowings rate increased 18 bps, to 2.29% compared to 2020. Total average short-term borrowings decreased $297.5 million, or 36.7%, due to the corporate restructuring. The cost of average short-term borrowings decreased 53 bps to 0.11% in 2021, largely due to the restructuring and partial year 2020 net impact of changes in the Fed Funds Rate versus a full year in 2021.

Average long-term borrowings decreased $469.4 million, or 37.4%, and the long-term borrowings rate increased 65 bps compared to 2020, primarily due to a decrease in FHLB advances.

Comparison of 2020 to 2019

The following table summarizes the changes in FTE interest income and interest expense resulting from changes in average balances (volumes) and changes in yields and rates:

	2020 vs. 2019 Increase (decrease) due to change in		
	Volume	Yield/ Rate	Net
	(in thousands)		
Interest income on:			
Net loans [1]	$ 77,662	$(161,996)	$ (84,334)
Taxable investment securities	(3,323)	(1,059)	(4,382)
Tax-exempt investment securities	10,576	(1,933)	8,643
Loans held for sale	1,308	(582)	726
Other interest-earning assets	6,909	(10,654)	(3,745)
Total interest income	$ 93,132	$(176,224)	$ (83,092)
Interest expense on:			
Demand deposits	$ 4,863	$ (26,821)	$ (21,958)
Savings deposits	4,025	(31,194)	(27,169)
Brokered deposits	959	(4,351)	(3,392)
Time deposits	(5,409)	(3,801)	(9,210)
Short-term borrowings	(641)	(8,675)	(9,316)
Long-term borrowings	9,627	(1,828)	7,799
Total interest expense	$ 13,424	$ (76,670)	$ (63,246)

(1) Average balance includes non-performing loans.

Note: Changes which are partially attributable to both volume and rate are allocated to the volume and rate components presented above based on the percentage of the direct changes that are attributable to each component.

In March 2020, the FOMC decreased the Fed Funds Rate by a total of 150 bps in response to COVID-19. These changes in the Fed Funds Rate resulted in corresponding decreases to the index rates for the Corporation's variable and adjustable rate loans, primarily the prime rate and LIBOR, as well as for certain interest-bearing liabilities.

FTE net interest income decreased $19.8 million, or 3.0%, to $641.5 million in 2020. Net interest margin decreased 50 bps to 2.86% in 2020 from 3.36% in 2019. As summarized above, FTE interest income decreased $176.2 million as the result of a 90 basis point decrease in the yield on interest-earning assets, and increased $93.1 million as the result of a $2.8 billion, or 14.1%, increase in average interest-earning assets, primarily loans. The yield on the loan portfolio decreased 92 bps, to 3.63%, largely due to the aforementioned decreases in the Fed Funds Rate in 2020 and corresponding decreases to loan index rates. All variable and certain adjustable rate loans repriced to lower rates as a result of these interest rate decreases, and yields on new loan originations were lower than the yield on the loan portfolio. Adjustable rate loans reprice on dates specified in the loan agreements, which may be later than the date the Fed Funds Rate and related loan index rates increase or decrease. Therefore, the benefit of increases or the reverse effect of decreases in index rates on adjustable rate loans may not be fully realized until future periods. In addition, 2020 interest income included $6.5 million of unamortized origination fees and direct origination costs recognized as interest income at the time of PPP loan forgiveness, which was in addition to the normal amortization of those items of approximately $22.5 million recognized in 2020.

Interest expense decreased $63.2 million, with a 52 bps decrease in the rate on average interest-bearing liabilities contributing $76.7 million to this decrease, partially offset by a $13.4 million increase in expense as a result of a $1.4 billion, or 10.1% increase in interest-bearing liabilities, primarily demand deposits and long-term borrowings. The rates on average interest-bearing demand and savings accounts decreased 54 and 57 bps, respectively, which contributed $26.8 million and $31.2 million to the decrease in interest expense, respectively. In addition, the 106 bps decrease in the cost of short-term borrowings contributed $8.7 million to the decrease in interest expense.

Average loans and average FTE yields, by type, are summarized in the following table:

	2020		2019		Increase (Decrease) in Balance	
	Balance	Yield	Balance	Yield	$	%
			(dollars in thousands)			
Real estate - commercial mortgage	$ 6,928,269	3.53 %	$ 6,463,783	4.56 %	$ 464,486	7.2 %
Commercial and industrial[1]	5,501,317	3.10	4,473,549	4.52	1,027,768	23.0
Real estate - residential mortgage	2,876,538	3.80	2,441,684	4.05	434,854	17.8
Real estate - home equity	1,255,094	4.11	1,382,908	5.23	(127,814)	(9.2)
Real estate - construction	965,534	3.64	928,183	4.79	37,351	4.0
Consumer	466,419	4.16	448,205	4.42	18,214	4.1
Equipment lease financing	281,859	3.93	279,489	4.40	2,370	0.8
Other [2]	(4,640)	—	12,546	—	(17,186)	(137.0)
Total loans	$ 18,270,390	3.63 %	$ 16,430,347	4.55 %	$ 1,840,043	11.2 %

(1) Includes average PPP loans of $1.3 billion for the year ended December 31, 2020..
(2) Consists of overdrafts and net origination fees and costs.

Average loans increased $1.8 billion, or 11.2%, which contributed $77.7 million to the increase in FTE interest income. The increase was driven largely by growth in the commercial and industrial portfolio as a result of loans originated under the PPP. Excluding loans originated under the PPP, commercial and industrial loan balances declined $2.4 million. Commercial and residential mortgage loan portfolios, as well as the construction, consumer and equipment lease financing portfolios, experienced growth, partially offset by decreases in the home equity loan portfolio.

Average investment securities increased $228.6 million, or 8.2%, in comparison to 2019, which contributed a $7.3 million increase in FTE interest income. This increase was partially offset by a 7 bps decrease in yields, resulting in a $3.0 million decrease in FTE interest income. Other interest-earning assets increased $675.7 million, primarily the result of an increase in cash pledged with counterparties for interest rate swap contracts, contributing $6.9 million to FTE interest income. The yield on other interest-earning assets decreased 159 bps in comparison to 2019, as a result of the Fed Funds Rate decreases during 2020, resulting in a $10.7 million decrease in FTE interest income.

Average deposits and interest rates, by type, are summarized in the following table:

	2020		2019		Increase (Decrease) in Balance	
	Balance	Rate	Balance	Rate	$	%
			(dollars in thousands)			
Noninterest-bearing demand	$ 5,714,803	— %	$ 4,249,294	— %	$1,465,509	34.5 %
Interest-bearing demand	5,278,941	0.22	4,384,059	0.76	894,882	20.4
Savings	5,550,234	0.26	5,018,381	0.83	531,853	10.6
Total demand and savings	16,543,978	0.16	13,651,734	0.44	2,892,244	21.2
Brokered deposits	310,763	0.77	245,483	2.35	65,280	26.6
Time deposits	2,546,305	1.63	2,869,344	1.77	(323,039)	(11.3)
Total deposits	$19,401,046	0.36 %	$16,766,561	0.79 %	$2,634,485	15.7 %

The cost of interest-bearing deposits decreased 54 bps to 0.51% from 1.05% in 2019 and contributed $66.2 million to the decrease in interest expense compared to 2019. These rates do not include the impact of non-interest bearing deposits, which lowered cost of total deposits to 0.36% and 0.79% in 2020 and 2019, respectively. The decrease in the cost was mainly as a result of reductions in deposit rates in response to the FOMC reductions to the Fed Funds Rate as well as deposit rate decreases implemented after the Fed Funds Rate cuts during the second half of 2019. The majority of deposit rates are discretionary, with the exception of indexed municipal balances. The average balance of interest-bearing deposits increased $1.2 billion, or 9.3%, partially offsetting the decrease in interest expense by $4.4 million in comparison to 2019.

Average borrowings and interest rates, by type, are summarized in the following table:

	2020		2019		Increase (Decrease) in Balance	
	Balance	Rate	Balance	Rate	$	%
			(dollars in thousands)			
Short-term borrowings:						
Customer funding (1)	$ 553,033	0.28 %	$ 355,983	0.77 %	$ 197,050	55.4 %
Federal funds purchased	64,918	0.82	132,578	2.20	(67,660)	(51.0)
FHLB advances and other borrowings (2)	192,632	1.61	361,118	2.43	(168,486)	(46.7)
Total short-term borrowings	810,583	0.64	849,679	1.70	(39,096)	(4.6)
Long-term borrowings:						
FHLB advances	557,596	1.86	555,229	2.38	2,367	0.4
Other long-term borrowings	696,704	4.02	387,371	4.48	309,333	79.85
Total long-term borrowings	1,254,300	3.06	942,600	3.25	311,700	33.1
Total borrowings	$ 2,064,883	2.11 %	$ 1,792,279	2.51 %	$ 272,604	15.2 %

(1) Includes short-term promissory notes.
(2) Represents FHLB advances with an original maturity term of less than one year.

Total average borrowings increased $272.6 million, or 15.2%, while the total cost of borrowings decreased 40 bps, to 2.11% compared to 2019. Total average short-term borrowings decreased $39.1 million, or 4.6%, due to a decrease in short-term FHLB advances and other borrowings and federal funds purchased, partially offset by increases in average customer funding. The cost of short-term borrowings decreased 106 bps to 0.64% in 2020, largely due to the net impact of the changes in the Fed Funds Rate.

Average long-term borrowings increased $311.7 million, or 33.1%, and the rate decreased 19 bps compared to 2019, as a result of the issuance of $375.0 million of subordinated notes in March of 2020.

Provision for Credit Losses

The provision for credit losses decreased $91.5 million, to $(14.6) million, for the year ended December 31, 2021. The decrease was primarily the result of an improvement in economic conditions. See additional details under "Loans and Allowance for Credit Losses" in the "Financial Condition" section below.

Non-Interest Income and Expense

Comparison of 2021 to 2020

Non-Interest Income

The following table presents the components of non-interest income:

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
	(dollars in thousands)			
Commercial banking:				
Merchant and card	**$ 26,121**	$ 23,139	$ 2,982	12.9 %
Cash management	**20,865**	18,725	2,140	11.4
Capital markets	**9,381**	18,288	(8,907)	(48.7)
Other commercial banking	**12,322**	10,134	2,188	21.6
Total commercial banking	**68,689**	70,286	(1,597)	(2.3)
Consumer banking:				
Card	**23,505**	19,777	3,728	18.9
Overdraft	**12,844**	12,556	288	2.3
Other consumer banking	**9,195**	9,265	(70)	(0.8)
Total consumer banking	**45,544**	41,598	3,946	9.5
Wealth management fees	**71,798**	59,058	12,740	21.6
Mortgage banking:				
Gains on sales of mortgage loans	**24,380**	53,599	(29,219)	(54.5)
Mortgage servicing income	**9,196**	(11,290)	20,486	N/M
Total mortgage banking	**33,576**	42,309	(8,733)	(20.6)
Other	**20,622**	13,084	7,538	57.6
Non-interest income before investment securities gains	**240,229**	226,335	13,894	6.1
Investment securities gains, net	**33,516**	3,053	30,463	N/M
Total Non-Interest Income	**$ 273,745**	$ 229,388	$ 44,357	19.3 %

Excluding net investment securities gains, non-interest income increased $13.9 million, or 6.1%, in 2021, as compared to 2020.

Total commercial banking income decreased $1.6 million, or 2.3% compared to 2020, driven mainly by a decrease in capital market revenues.

Total consumer banking increased $3.9 million, or 9.5%, compared to 2020, driven primarily by higher card income.

Wealth management revenues increased $12.7 million, or 21.6%, resulting primarily from an increase in client asset levels and improved overall market performance.

Mortgage banking income decreased $8.7 million, or 20.6%, mainly due to reduced gains on sales of mortgage loans, partially offset by an increase in mortgage servicing income.

Investment securities gains increased $30.5 million, primarily due to the sale of Visa Class B restricted shares, as part of the balance sheet restructuring undertaken in 2021.

Non-Interest Expense

The following table presents the components of non-interest expense:

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
		(dollars in thousands)		
Salaries and employee benefits	**$ 329,138**	$ 324,395	$ 4,743	1.5 %
Data processing and software	**56,440**	48,073	8,367	17.4
Net occupancy	**53,799**	53,013	786	1.5
Other outside services	**34,194**	31,432	2,762	8.8
Debt extinguishment	**33,249**	2,878	30,371	N/M
State taxes	**18,793**	12,613	6,180	49.0
Equipment	**13,807**	13,885	(78)	(0.6)
FDIC insurance	**10,665**	8,865	1,800	20.3
Professional fees	**9,647**	12,835	(3,188)	(24.8)
Amortization of TCI	**6,187**	6,126	61	1.0
Marketing	**5,275**	5,127	148	2.9
Intangible amortization	**589**	529	60	11.3
Other	**46,047**	59,669	(13,622)	(22.8)
Total Non-Interest Expense	**$ 617,830**	$ 579,440	$ 38,390	6.6 %

Non-interest expense increased $38.4 million, or 6.6%. Non-interest expense, excluding debt extinguishment costs of $33.2 million, was $584.6 million, an increase of $21.3 million, or 3.8%, compared to non-interest expenses of $563.2 million in 2020, which excludes expenses associated with cost savings initiatives of $16.2 million. Excluding the net decrease in severance costs of $5.9 million, the increase in non-interest expense over 2020 was primarily due to increases in salaries and benefits of $10.6 million, attributable to a $12.7 million increase in incentive compensation and bonuses. Also contributing to the increase in non-interest expense were $8.4 million in data processing and software and $2.8 million in other outside services expense, partially offset by a $3.2 million decrease in professional fees.

Income Taxes

Income tax expense for 2021 was $58.7 million, a $34.6 million increase compared to 2020. The ETR was 17.6% in 2021, as compared to 12.0% in 2020. The increase in income tax expense and the ETR resulted primarily from higher income before income taxes. The ETR is generally lower than the federal statutory rate of 21% due to tax-exempt interest income earned on loans, investments in tax-free municipal securities and TCIs that generate tax credits under various federal programs.

Comparison of 2020 to 2019

Non-Interest Income

The following table presents the components of non-interest income:

	2020	2019	Increase (Decrease) $	Increase (Decrease) %
	(dollars in thousands)			
Commercial banking:				
Merchant and card	$ 23,139	$ 24,077	$ (938)	(3.9)%
Cash management	18,725	18,392	333	1.8
Capital markets	18,288	14,875	3,413	22.9
Other commercial banking	10,134	13,773	(3,639)	(26.4)
Total commercial banking	70,286	71,117	(831)	(1.2)
Consumer banking:				
Card	19,777	20,515	(738)	(3.6)
Overdraft	12,556	17,949	(5,393)	(30.0)
Other consumer banking	9,265	11,039	(1,774)	(16.1)
Total consumer banking	41,598	49,503	(7,905)	(16.0)
Wealth management fees	59,058	55,678	3,380	6.1
Mortgage banking:				
Gains on sales of mortgage loans	53,599	17,881	35,718	N/M
Mortgage servicing income	(11,290)	5,218	(16,508)	N/M
Total mortgage banking	42,309	23,099	19,210	83.2
Other	13,084	12,030	1,054	8.8
Non-interest income before investment securities gains	226,335	211,427	14,908	7.1
Investment securities gains, net	3,053	4,733	(1,680)	(35.5)
Total Non-Interest Income	$ 229,388	$ 216,160	$ 13,228	6.1 %

Excluding net investment securities gains, non-interest income increased $14.9 million, or 7.1%, in 2020, as compared to 2019.

Total commercial banking income decreased $0.8 million, compared to 2019, driven mainly by a decrease in other commercial banking income (SBA lending income and other service charges as a result of COVID-19). This decrease was somewhat offset by an increase in capital markets revenue.

Total consumer banking decreased $7.9 million, or 16.0%, compared to 2019, driven primarily by lower overdraft fees. Other consumer banking income decreased largely due to lower ATM fees.

Wealth management revenues increased $3.4 million, or 6.1%, resulting primarily from growth in brokerage income due to an increase in client asset levels and improved overall market performance.

Mortgage banking income increased $19.2 million, or 83.2%, mainly due to gains on sales of mortgage loans, partially offset by a decrease in mortgage servicing income. Gains increased as a result of both higher volumes of loans sold and higher spreads on sales. The decrease in mortgage servicing income was driven by $10.5 million of MSR impairment charges and higher MSR amortization due to higher prepayments as a result of the lower rate environment. There were no MSR impairment charges in 2019.

Investment securities gains decreased $1.7 million, or 35.5%, mainly attributed to the difference in scope of the limited balance sheet restructures in 2020 and 2019.

Non-Interest Expense

The following table presents the components of non-interest expense:

	2020	2019	Increase (Decrease) $	Increase (Decrease) %
		(dollars in thousands)		
Salaries and employee benefits	$ 324,395	$ 311,934	$ 12,461	4.0 %
Net occupancy	53,013	52,826	187	0.4
Data processing and software	48,073	44,679	3,394	7.6
Other outside services	31,432	39,989	(8,557)	(21.4)
Equipment	13,885	13,575	310	2.3
Professional fees	12,835	13,134	(299)	(2.3)
State taxes	12,613	8,894	3,719	41.8
FDIC insurance	8,865	7,780	1,085	13.9
Amortization of TCI	6,126	6,021	105	1.7
Marketing	5,127	9,848	(4,721)	(47.9)
Debt extinguishment	2,878	4,326	(1,448)	(33.5)
Intangible amortization	529	1,427	(898)	(62.9)
Other	59,669	53,303	6,366	11.9
Total non-interest expense	$ 579,440	$ 567,736	$ 11,704	2.1 %

In the third quarter of 2020, the Corporation announced cost-savings initiatives which resulted in annual expense savings, not to be fully realized until mid-2021. In 2020, $16.2 million of expenses were recognized related to the cost-savings initiatives in the following categories: $5.6 million of severance expense (included in salaries and employee benefits) and $4.8 million of write-offs of fixed assets and $5.8 million of lease termination charges (both included in other expense). The Corporation has been reinvesting a portion of the cost savings to accelerate digital transformation initiatives.

In 2019, the Corporation recognized $10.9 million of expenses related to the Charter Consolidation, primarily in the following categories: $1.9 million of severance expense (included in salaries and employee benefits), $6.6 million of other outside services, $1.0 million of an intangible write-off (included in intangible amortization) and $0.6 million in marketing expense.

The more significant fluctuations in expense levels, excluding the cost-savings initiatives in 2020 and the Charter Consolidation costs in 2019, by category are explained below:

- Salaries and employee benefits increased $9.0 million mainly due to increases in employee salaries (annual merit increases), overtime and incentive compensation (primarily COVID-19 related for front-line employees).

- Other outside services decreased $2.0 million, or 5.9%, primarily due to more in-house development and less reliance on third-party service providers.

- Data processing and software increased $3.4 million, reflecting higher transaction volumes and costs related to growth and technology initiatives.

- Marketing decreased $4.1 million, or 44.3 %, as a result of reduced marketing campaigns.

- State taxes increased $3.7 million, or 41.8%, as a result of higher Pennsylvania Bank Shares tax due to the Bank's increased equity as well as higher sales taxes.

- Other expenses decreased $4.3 million compared to 2019, primarily driven by a decrease in travel and entertainment, influenced by the restrictions due to COVID-19.

FINANCIAL CONDITION

The table below presents condensed consolidated ending balance sheets.

	December 31		Increase (Decrease)	
	2021	2020	$	%
	(dollars in thousands)			
Assets				
Cash and cash equivalents	**$ 1,638,614**	$ 1,847,832	$ (209,218)	(11.3)%
FRB and FHLB Stock	**57,635**	92,129	(34,494)	(37.4)%
Loans held for sale	**35,768**	83,886	(48,118)	(57.4)
Investment securities	**4,167,774**	3,340,424	827,350	24.8
Loans, net	**18,076,349**	18,623,253	(546,904)	(2.9)
Net premises and equipment	**220,357**	231,480	(11,123)	(4.8)
Goodwill and intangibles	**538,053**	536,659	1,394	0.3
Other assets	**1,061,848**	1,151,070	(89,222)	(7.8)
Total Assets	**$ 25,796,398**	$ 25,906,733	$ (110,335)	(0.4)%
Liabilities and Shareholders' Equity				
Deposits	**$ 21,573,499**	$ 20,839,207	$ 734,292	3.5 %
Short-term borrowings	**416,764**	630,066	(213,302)	(33.9)
Long-term borrowings	**621,345**	1,296,263	(674,918)	(52.1)
Other liabilities	**472,110**	524,369	(52,259)	(10.0)
Total Liabilities	**23,083,718**	23,289,905	(206,187)	(0.9)
Total Shareholders' Equity	**2,712,680**	2,616,828	95,852	3.7
Total Liabilities and Shareholders' Equity	**$ 25,796,398**	$ 25,906,733	$ (110,335)	(0.4)%

Investment Securities

The following table presents the carrying amount of investment securities as of December 31:

	2021	2020
	(in thousands)	
Available for Sale		
U.S. Government securities	**$ 127,618**	$ —
State and municipal securities	**1,188,670**	952,613
Corporate debt securities	**386,133**	367,145
Collateralized mortgage obligations	**209,359**	503,766
Residential Mortgage-backed securities	**229,795**	377,998
Commercial mortgage backed securities	**971,148**	762,415
Auction rate securities	**74,667**	98,206
	3,187,390	3,062,143
Held to Maturity		
Residential mortgage-backed securities	**404,958**	278,281
Commercial mortgage-backed securities	**575,426**	—
	980,384	278,281
Total investment securities	**$ 4,167,774**	$ 3,340,424

Total AFS securities increased $125.2 million, or 4.1%, to $3,187.4 million at December 31, 2021, primarily due to an increase in state and municipal securities and commercial mortgage backed securities, partially offset by a decrease in collateralized mortgage obligations.

Total HTM securities increased $702.1 million, primarily due to the addition of commercial mortgage-backed securities and an increase in residential mortgage-backed securities.

Loans

The following table presents ending loans outstanding, by type, as of the dates shown, and the changes in balances for the most recent year:

	December 31		
	2021	2020	2019
	(dollars in thousands)		
Real estate – commercial mortgage	**$ 7,279,080**	$ 7,105,092	$ 6,700,776
Commercial and industrial [(1)]	**4,208,327**	5,670,828	4,446,701
Real estate – residential mortgage	**3,846,750**	3,141,915	2,641,465
Real estate – home equity	**1,118,248**	1,202,913	1,314,944
Real estate – construction	**1,139,779**	1,047,218	971,079
Consumer	**464,657**	466,772	463,164
Equipment lease financing and other	**283,557**	284,377	322,625
Overdrafts	**1,988**	4,806	3,582
Gross loans	**18,342,386**	18,923,921	16,864,336
Unearned income	**(17,036)**	(23,101)	(26,810)
Net Loans	**$18,325,350**	$18,900,820	$16,837,526

(1) Includes PPP loans totaling $0.3 billion and $1.6 billion as of December 31, 2021 and 2020, respectively.

Net Loans decreased $575.5 million, or 3.0%, as of December 31, 2021 compared to December 31, 2020, primarily due to a $1,462.5 million decrease in commercial and industrial loans due to the decrease in PPP loans, partially offset by a $704.8 million increase in residential mortgage loans.

The Corporation does not have a significant concentration of credit risk with any single borrower, industry or geographic location within its footprint. As of December 31, 2021, approximately $8,418.9 million, or 45.9%, of the loan portfolio was comprised of commercial mortgage and construction loans. The Corporation's policies limit the maximum total lending commitment to an individual borrower to $55.0 million as of December 31, 2021. In addition, the Corporation has established lower total lending limits for certain types of lending commitments and lower total lending limits based on the Corporation's internal risk rating of an individual borrower at the time the lending commitment is approved.

The following table summarizes the industry concentrations within the commercial mortgage and the commercial and industrial loan portfolios (excluding PPP loans) as of December 31:

	2021	2020
Real estate [(1)]	**44.3 %**	43.1 %
Health care	**6.7**	7.2
Agriculture	**6.1**	6.5
Manufacturing	**5.1**	5.0
Other services [(2)]	**5.0**	4.9
Construction [(3)]	**3.9**	4.7
Hospitality and food services	**3.7**	4.0
Retail	**3.0**	3.5
Wholesale trade	**2.8**	2.7
Educational services	**2.7**	3.0
Arts, entertainment and recreation	**2.3**	2.4
Professional, scientific and technical services	**1.8**	2.2
Public administration	**1.5**	1.7
Finance and Insurance	**1.4**	1.4
Transportation and warehousing	**1.3**	1.4
Other [(4)]	**8.4**	6.3
Total	**100.0 %**	100.0 %

(1) Includes commercial loans to borrowers engaged in the business of: renting, leasing or managing real estate for others; selling and/or buying real estate for others; and appraising real estate.
(2) Excludes public administration.
(3) Includes commercial loans to borrowers engaged in the construction industry.
(4) Includes energy sector.

The following table presents the changes in non-accrual loans for the years ended December 31:

	Commercial and Industrial	Real Estate - Commercial Mortgage	Real Estate - Construction	Real Estate - Residential Mortgage	Real Estate - Home Equity	Consumer	Equipment Lease Financing	Total
				(in thousands)				
Balance at December 31, 2019	$ 48,106	$ 33,166	$ 3,618	$ 16,676	$ 7,004	$ —	$ 16,528	$ 125,098
Additions	37,208	37,538	153	12,994	5,621	3,742	3,177	100,433
Payments	(34,405)	(14,077)	(2,358)	(1,848)	(1,617)	(10)	(1,205)	(55,520)
Charge-offs	(18,915)	(4,225)	(17)	(620)	(1,193)	(3,400)	(2,187)	(30,557)
Transfers to OREO	—	(31)	—	(237)	(227)	—	—	(495)
Transfers to accrual status	(1)	(901)	(1)	(858)	—	—	—	(1,761)
Balance at December 31, 2020	**31,993**	**51,470**	**1,395**	**26,107**	**9,588**	**332**	**16,313**	**137,198**
Additions	**40,722**	**36,664**	**404**	**12,498**	**1,972**	**2,628**	**1,919**	**96,807**
Payments	**(27,175)**	**(25,668)**	**(859)**	**(1,823)**	**(1,785)**	**(98)**	**(341)**	**(57,749)**
Charge-offs	**(15,337)**	**(8,726)**	**(39)**	**(1,290)**	**(676)**	**(2,633)**	**(2,251)**	**(30,952)**
Transfers to OREO	**—**	**—**	**—**	**—**	**(274)**	**—**	**—**	**(274)**
Transfers to accrual status	**(62)**	**(925)**	**—**	**(223)**	**(154)**	**—**	**—**	**(1,364)**
Balance of non-accrual loans at December 31, 2021	**$ 30,141**	**$ 52,815**	**$ 901**	**$ 35,269**	**$ 8,671**	**$ 229**	**$ 15,640**	**$ 143,666**

Non-accrual loans increased $6.5 million, or 4.7%, in 2021. Non-accrual loans as a percentage of Net Loans increased to 0.78% at December 31, 2021, compared to 0.72% at December 31, 2020.

The following table presents non-performing assets as of the dates shown:

	December 31,		
	2021	2020	2019
		(in thousands)	
Non-accrual loans [(1) (2) (3)]	**$ 143,666**	$ 137,198	$ 125,098
Loans 90 days or more past due and still accruing [(2)]	**8,453**	9,929	16,057
Total non-performing loans and leases	**152,119**	147,127	141,155
OREO [(4)]	**1,817**	4,178	6,831
Total non-performing assets	**$ 153,936**	$ 151,305	$ 147,986

(1) The amount of interest income on non-accrual loans that was recognized in 2021 was approximately $1.3 million.

(2) Accrual of interest is generally discontinued when a loan becomes 90 days past due. In certain cases a loan may be placed on non-accrual status prior to being 90 days delinquent if there is an indication that the borrower is having difficulty making payments or the Corporation believes it is probable that all amounts will not be collected according to the contractual terms of the agreement. When interest accruals are discontinued, unpaid interest previously credited to income is reversed. Non-accrual loans may be restored to accrual status when all delinquent principal and interest has been paid currently for six consecutive months or the loan is considered to be adequately secured and in the process of collection. Certain loans, primarily adequately collateralized residential mortgage loans, may continue to accrue interest after reaching 90 days past due.

(3) Excluded from non-performing assets as of December 31, 2021, were $29.5 million of loans modified under TDRs. These loans continue to accrue interest and are, therefore, not included in non-accrual loans.

(4) Excludes $6.4 million of residential mortgage properties for which formal foreclosure proceedings were in process as of December 31, 2021.

The following table presents non-performing loans, by type, as of the dates shown:

	December 31,		
	2021	2020	2019
		(dollars in thousands)	
Commercial and industrial	**$ 30,629**	$ 32,609	$ 49,491
Real estate – commercial mortgage	**54,044**	52,647	37,279
Real estate – residential mortgage	**39,399**	30,794	22,411
Real estate – home equity	**10,924**	1,550	10,568
Real estate – construction	**901**	12,341	4,306
Consumer	**582**	749	458
Equipment lease financing	**15,640**	16,437	16,642
Total non-performing loans	**$ 152,119**	$ 147,127	$ 141,155
Non-performing loans to total loans	**0.83 %**	0.78 %	0.84 %

The following table presents TDRs as of the dates shown:

	December 31,		
	2021	2020	2019
		(in thousands)	
Real estate – commercial mortgage	**$ 3,464**	$ 28,451	$ 13,330
Commercial and industrial	**1,857**	6,982	5,193
Real estate – residential mortgage	**11,948**	18,602	21,551
Real estate – home equity	**12,218**	14,391	15,068
Consumer	**5**	—	8
Total accruing TDRs	**29,492**	68,426	55,150
Non-accrual TDRs [(1)]	**55,945**	35,755	20,825
Total TDRs	**$ 85,437**	$ 104,181	$ 75,975

(1) Included within non-accrual loans in the preceding table.

The decrease in TDRs in 2021 compared to 2020 is primarily due to a decrease in commercial mortgage, residential mortgage and commercial and industrial loans, partially offset by an increase in non-accrual TDRs.

Total TDRs modified during 2021 and still outstanding as of December 31, 2021, were $33.5 million. Of these loans, $15.5 million, or 46.4%, had a payment default during 2021, which the Corporation defines as a single missed scheduled payment, subsequent to modification. TDRs modified during 2020 and still outstanding as of December 31, 2020, totaled $45.3 million. Of these loans, $15.5 million, or 34.3%, had a payment default during 2020, which the Corporation defines as a single missed scheduled payment, subsequent to modification.

The following table summarizes OREO, by property type, as of December 31:

	2021	2020
	(in thousands)	
Commercial properties	**$ 943**	$ 1,730
Residential properties	**669**	1,496
Undeveloped land	**205**	952
Total OREO	**$ 1,817**	$ 4,178

As noted under the heading "Critical Accounting Policies" within Management's Discussion, the Corporation's ability to identify potential problem loans in a timely manner is key to maintaining an adequate ACL. For commercial loans, commercial mortgages and construction loans to commercial borrowers, an internal risk rating process is used to monitor credit quality. For a complete description of the Corporation's risk ratings, refer to the "Allowance for Credit Losses" section within "Note 1 - Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." The evaluation of credit risk for residential mortgages, home equity loans, construction loans to individuals, consumer loans and equipment lease financing is based on aggregate payment history through the monitoring of delinquency levels and trends.

Total internally risk rated loans were $12.4 billion and $13.7 billion as of December 31, 2021 and 2020, respectively. The following table presents criticized and classified loans, or those with internal risk ratings of special mention (1) or substandard or lower (2) for commercial mortgages, commercial and industrial loans and construction loans to commercial borrowers, by class segment, as of December 31:

	Special Mention (1)		Increase (Decrease)		Substandard or Lower (2)		Increase (Decrease)		Total Criticized and Classified Loans	
	2021	2020	$	%	2021	2020	$	%	2021	2020
					(dollars in thousands)					
Real estate - commercial mortgage	**$387,279**	$478,165	$(90,886)	(19.0)%	**$331,096**	$181,970	$149,126	82.0%	**$718,375**	$660,135
Commercial and industrial	**142,369**	154,039	(11,670)	(7.6)	**152,219**	128,175	24,044	18.8	**294,588**	282,214
Real estate - construction (3)	**58,841**	13,259	45,582	N/M	**6,324**	5,469	855	15.6	**65,165**	18,728
Total	**$588,489**	$645,463	$(56,974)	(8.8)%	**$489,639**	$315,614	$174,025	55.1%	**$1,078,128**	$961,077
% of total risk rated loans	**4.7%**	4.7%			**3.9%**	2.3%			**8.6%**	7.0%

(1) Considered "criticized" loans by banking regulators
(2) Considered "classified" loans by banking regulators
(3) Excludes construction - other

As of December 31, 2021, total loans with risk ratings of special mention decreased by $57.0 million, or 8.8%, and total loans with a risk rating of substandard or lower increased by $174.0 million, or 55.1%, resulting in an overall increase in total criticized loans of $117.1 million, 12.2% higher than 2020. The largest drivers of the migration into these risk rating categories was within the arts, recreation and entertainment industry, education industry and hospitality industry, which is included in the real estate - commercial mortgage category.

The following table presents, by class segment, a summary of delinquency status and rates, as a percentage of total loans that do not have internal risk ratings as of December 31:

	Delinquent (1)				Non-performing (2)				Total			
	2021		2020		**2021**		2020		**2021**		2020	
	$	%	$	%	$	%	$	%	$	%	$	%
	(dollars in thousands)											
Real estate - home equity	**$ 5,523**	**0.49 %**	$ 7,276	0.55 %	**$ 11,123**	**0.99 %**	$ 12,340	0.94 %	**$ 16,646**	**1.49 %**	$ 19,616	1.49 %
Real estate - residential mortgage	**25,877**	**0.67**	29,956	0.95	**39,542**	**1.03**	30,665	0.98	**65,419**	**1.70**	60,621	1.93
Real estate - construction - other	**1,318**	**0.11**	1,938	0.20	**173**	**0.02**	178	0.02	**1,491**	**0.13**	2,116	0.22
Consumer	**4,437**	**0.95**	3,537	0.76	**583**	**0.13**	750	0.16	**5,020**	**1.08**	4,287	0.93
Equipment lease financing	**253**	**0.09**	988	0.33	**15,641**	**5.83**	16,437	5.49	**15,894**	**5.92**	17,425	5.82
Total	**$ 37,408**	**0.56 %**	$ 43,695	0.92 %	**$ 67,062**	**0.98 %**	$ 60,370	1.25 %	**$ 104,470**	**1.54 %**	$ 104,065	2.17 %

(1) Includes all accruing loans 30 days to 89 days past due.

(2) Includes all accruing loans 90 days or more past due and all non-accrual loans and leases.

Loans and Allowance for Credit Losses

The Corporation accounts for the credit risk associated with lending activities through the ACL and the provision for credit losses.

A summary of the Corporation's activity in the ACL, including loans and OBS credit exposures:

	2021	2020	2019
	(dollars in thousands)		
Net Loans	**$ 18,325,350**	$ 18,900,820	$ 16,837,526
Average balance of Net Loans	**$ 18,627,787**	$ 18,270,390	$ 16,430,347
Balance of ACL at beginning of period	**$ 291,940**	$ 166,209	$ 169,410
Impact of adopting CECL on January 1, 2020	**—**	58,348	—
Loans charged off:			
Commercial and industrial	**(15,337)**	(18,915)	(42,410)
Real estate – commercial mortgage	**(8,726)**	(4,225)	(1,837)
Real estate – home equity	**(676)**	(1,193)	(1,291)
Consumer	**(2,633)**	(3,400)	(3,403)
Equipment lease financing and other	**(2,251)**	(2,187)	(2,560)
Real estate – residential mortgage	**(1,290)**	(620)	(1,545)
Real estate – construction	**(39)**	(17)	(143)
Total loans charged off	**(30,952)**	(30,557)	(53,189)
Recoveries of loans previously charged off:			
Commercial and industrial	**9,587**	11,396	8,721
Real estate – construction	**1,412**	5,122	2,591
Real estate – home equity	**248**	504	688
Consumer	**2,097**	1,875	1,306
Real estate – commercial mortgage	**2,474**	1,027	2,202
Equipment lease financing and other	**953**	605	666
Real estate – residential mortgage	**375**	491	989
Total recoveries	**17,146**	21,020	17,163
Net loans charged off	**(13,806)**	(9,537)	(36,026)
Provision for credit losses	**(14,600)**	76,920	32,825
Balance of ACL at end of period	**$ 263,534**	$ 291,940	$ 166,209
Components of the ACL:			
ACL - Loans	**$ 249,001**	$ 277,567	$ 163,622
ACL - OBS credit exposures (1)	**14,533**	14,373	2,587
Balance of ACL at end of period	**$ 263,534**	$ 291,940	$ 166,209
Selected Asset Quality Ratios:			
Net charge-offs to average loans	**0.07 %**	0.05 %	0.22 %
ACL - loans to total Net Loans	**1.36**	1.47	0.97
ACL to total Net Loans	**1.44**	1.54	0.99
Non-performing assets (2) to total assets	**0.60**	0.58	0.68
Non-performing assets (2) to total loans and OREO	**0.83**	0.83	0.88
Non-accrual loans to total Net Loans	**0.78**	0.72	0.74
ACL - loans(3) to non-performing loans	**163.69**	188.66	117.75
Non-performing assets (2) to tangible common shareholders' equity and ACL - loans (3)	**6.90**	6.99	7.50

(1) Reserve for OBS credit exposures is recorded within other liabilities on the consolidated balance sheets. Prior to 2020, it was referred to as "reserve for unfunded lending commitments". See "Note 4 - Loans and Allowance for Credit Losses" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." for further details.

(2) Includes accruing loans past due 90 days or more.

(3) Ratio represents a financial measure derived by methods other than GAAP. See reconciliation of this non-GAAP financial measure to the most directly comparable GAAP measure under the heading, "Supplemental Reporting of Non-GAAP Based Financial Measures," in the Overview of Item 7. "Management Discussion & Analysis of Financial Condition and Results of Operations."

The provision for credit losses decreased $91.5 million in comparison to 2020. The amounts recorded in 2021 were primarily driven by economic assumptions. Periods prior to 2020 did not incorporate "life of loan" losses under CECL and applied an incurred loss model, which would not have considered economic forecasts or forward-looking considerations over the remaining expected lives of loans. See "Note 1 - Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data." for further details.

The following table summarizes the allocation of the ACL - loans:

	2021		2020		2019	
	ACL - loans	**% In Each Loan Category (1)**	ACL - loans	% In Each Loan Category (1)	ACL - loans	% In Each Loan Category (1)
			(dollars in thousands)			
Real estate - commercial mortgage	**$ 87,970**	**39.7 %**	$ 103,425	37.6 %	$ 45,610	39.6 %
Commercial and industrial	**67,056**	**22.9**	74,771	30.0	68,602	26.4
Real estate - residential mortgage	**54,236**	**21.0**	51,995	16.6	19,771	15.7
Consumer, home equity, equipment lease financing	**26,798**	**10.2**	31,770	10.3	25,196	12.5
Real estate - construction	**12,941**	**6.2**	15,608	5.5	4,443	5.8
Total	**$ 249,001**	**100.0 %**	$ 277,567	100.0 %	$ 163,622	100.0 %

(1) Ending loan balances as a % of total loans for the years presented.

Management believes that the $249.0 million ACL - loans as of December 31, 2021, was sufficient to cover expected losses in the loan portfolio. See additional disclosures in "Note 1 - Summary of Significant Accounting Policies," and "Note 4 - Loans and Allowance for Credit Losses," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data;" and "Critical Accounting Policies" above.

Other Assets

Other assets decreased $73.7 million, or 6.8%, to $1.0 billion as of December 31, 2021, primarily due to the decrease in fair values of derivatives related to the Bank's customer back-to-back interest rate swap program of $177.2 million, partially offset by an increase on bank-owned life insurance of $90.1 million driven by purchases of new policies of $75.0 million during 2021.

Deposits and Borrowings

The following table presents ending deposits, by type, as of December 31:

			Increase (Decrease)	
	2021	2020	$	%
		(dollars in thousands)		
Noninterest-bearing demand	**$ 7,370,963**	$ 6,531,002	$ 839,961	12.9 %
Interest-bearing demand	**5,819,539**	5,818,564	975	—
Savings	**6,403,995**	5,929,792	474,203	8.0
Total demand and savings	**19,594,497**	18,279,358	1,315,139	7.2
Brokered deposits	**251,526**	335,185	(83,659)	(25.0)
Time deposits	**1,727,476**	2,224,664	(497,188)	(22.3)
Total deposits	**$21,573,499**	$ 20,839,207	$ 734,292	3.5 %

Compared to 2021, total demand and savings deposits increased by $1.3 billion, or 7.2%, partially offset by a decrease in brokered deposits of $83.7 million and time deposits of $497.2 million. This shift from higher-cost to lower-cost deposits favorably impacted the Corporation's net interest margin and profitability.

The following table presents ending borrowings, by type, as of December 31:

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
		(dollars in thousands)		
Short-term borrowings:				
Customer funding [1]	**$ 416,764**	$ 630,066	$ (213,302)	(33.9)%
Long-term borrowings:				
FHLB advances	**—**	535,973	(535,973)	(100.0)
Other long-term borrowings	**621,345**	760,290	(138,945)	(18.3)
Total long-term borrowings	**621,345**	1,296,263	(674,918)	(52.1)
Total borrowings	**$ 1,038,109**	$ 1,926,329	$ (888,220)	(46.1)%

[1] Includes short-term promissory notes.

Total short-term borrowings decreased $213.3 million, or 33.9%, compared to 2020, as a result of lower balances of customer short-term promissory notes. Long-term borrowings decreased $674.9 million, or 52.1%, compared to 2020, primarily due to the prepayment of FHLB advances as part of the balance sheet restructuring. Also, in the first quarter of 2021, the Corporation completed a cash tender offer for $75 million of 4.50% subordinated debt due in 2024 and $60 million of 3.60% senior notes due in 2022.

Other Liabilities

Other liabilities decreased $48.9 million, or 9.5%, to $465.1 million as of December 31, 2021, primarily as the result of a decrease in the fair values of derivatives related to the Bank's customer back-to-back interest rate swap program.

Shareholders' Equity

Total shareholders' equity increased $95.9 million, or 3.7%, to $2.7 billion, or 10.5% of total assets, as of December 31, 2021. The increase was due primarily to an increase in retained earnings reflecting the net income available to common shareholders of $265.2 million for 2021, partially offset by a $41.7 million increase in treasury stock primarily driven by the Corporation's share repurchase program. The Corporation repurchased 2.8 million shares of its common stock during 2021 at a cost of $43.9 million. As of December 31, 2021, up to an additional $31.1 million of common stock may be purchased through March 31, 2022 under the $75 million share repurchase program originally announced in February 2021. Shareholders' equity also decreased in 2021 due to a $37.7 million decrease in AOCI primarily from unrealized losses on and reclassification of securities. See "Note 14 - Shareholders' Equity" in the Notes to the Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for details of share repurchases.

The Corporation and its wholly owned subsidiary bank, Fulton Bank, are subject to regulatory capital requirements administered by the FRB and OCC. Failure to meet minimum capital requirements can trigger certain actions by these regulators that could have a material effect on the Corporation's financial statements. The regulations require that banks and bank holding companies maintain minimum amounts and ratios of total, Tier I and Common Equity Tier I capital (as defined in the regulations) to risk-weighted assets (as defined in the regulations), and Tier I capital to average assets (as defined in the regulations).

The following table summarizes the Corporation's capital ratios in comparison to regulatory requirements at December 31:

	2021	2020	Regulatory Minimum for Capital Adequacy	Fully Phased-in, with Capital Conservation Buffers
Total Risk-Based Capital (to Risk-Weighted Assets)	**14.1%**	14.4%	8.0%	10.5%
Tier I Risk-Based Capital (to Risk-Weighted Assets)	**10.9%**	10.5%	6.0%	8.5%
Common Equity Tier I (to Risk-Weighted Assets)	**9.9%**	9.5%	4.5%	7.0%
Tier I Leverage Capital (to Average Assets)	**8.6%**	8.2%	4.0%	4.0%

In July 2013, the FRB approved the Basel III Rules establishing a new comprehensive capital framework for U.S. banking organizations and implementing the Basel Committee on Banking Supervision's December 2010 framework for strengthening international capital standards. The Basel III Rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions.

The Basel III Rules require the Corporation and Fulton Bank to:

- Meet a minimum Common Equity Tier 1 capital ratio of 4.50% of risk-weighted assets and a Tier 1 capital ratio of 6.00% of risk-weighted assets;
- Continue to require a minimum Total capital ratio of 8.00% of risk-weighted assets and a Tier 1 leverage capital ratio of 4.00% of average assets; and
- Comply with a revised definition of capital to improve the ability of regulatory capital instruments to absorb losses as a result of which certain non-qualifying capital instruments, including cumulative preferred stock and TruPS, will be excluded as a component of Tier 1 capital for institutions of the Corporation's size.

As of January 1, 2019, the Corporation and Fulton Bank were also required to maintain a "capital conservation buffer" of 2.50% above the minimum risk-based capital requirements, which must be maintained to avoid restrictions on capital distributions and certain discretionary bonus payments.

The Basel III Rules use a standardized approach for risk weightings that expand the risk-weightings for assets and off-balance sheet exposures from the previous 0%, 20%, 50% and 100% categories to a much larger and more risk-sensitive number of categories, depending on the nature of the assets and off-balance sheet exposures, resulting in higher risk weights for a variety of asset categories.

As of December 31, 2021, Fulton Bank was well capitalized under the regulatory framework for prompt corrective action based on its capital ratio calculations. To be categorized as well capitalized, Fulton Bank must maintain minimum total risk-based, Tier I risk-based, Common Equity Tier I risk-based and Tier I leverage ratios as set forth in the table above. There are no conditions or events since December 31, 2021 that management believes have changed Fulton Bank's categories. See "Note 11 - Regulatory Matters," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data."

Contractual Obligations and Off-Balance Sheet Arrangements

The Corporation has various financial obligations that require future cash payments. These obligations include payments for liabilities recorded on the Corporation's consolidated balance sheets as well as contractual obligations for purchased services.

Contractual purchase obligations to third parties that were fixed and determinable of $96 million and $75 million at December 31, 2021 and 2020, respectively, include information technology, telecommunication and data processing outsourcing contracts. The increase is primarily driven by a contract extension with the Bank's core information system provider.

The Corporation is a party to financial instruments with OBS risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby and commercial letters of credit, which involve, to varying degrees, elements of credit and interest rate risk that are not recognized on the consolidated balance sheets. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Standby letters of credit are conditional commitments issued to guarantee the financial or performance obligation of a customer to a third party. Commercial letters of credit are conditional commitments issued to facilitate foreign or domestic trade transactions for customers. Commitments and standby and commercial letters of credit do not necessarily represent future cash needs, as they may expire without being drawn.

The following table presents the Corporation's commitments to extend credit and letters of credit as of December 31, 2021 (in thousands):

Commercial and industrial	$	5,072,008
Real estate - commercial mortgage and real estate - construction		1,914,238
Real estate - home equity		1,744,922
Total commitments to extend credit	$	8,731,168
Standby letters of credit	$	298,275
Commercial letters of credit		54,196
Total letters of credit	$	352,471

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the exposure to economic loss that arises from changes in the values of certain financial instruments. The types of market risk exposures generally faced by financial institutions include interest rate risk, equity market price risk, debt security market price risk, foreign currency price risk and commodity price risk. Due to the nature of its operations, foreign currency price risk and commodity price risk are not significant to the Corporation.

Interest Rate Risk, Asset/Liability Management and Liquidity

Interest rate risk creates exposure in two primary areas. First, changes in rates have an impact on the Corporation's liquidity position and could affect its ability to meet obligations and continue to grow. Second, movements in interest rates can create fluctuations in the Corporation's net interest income and changes in the economic value of its equity.

The Corporation employs various management techniques to minimize its exposure to interest rate risk. The Corporation's ALCO is responsible for reviewing the interest rate sensitivity and liquidity positions of the Corporation, approving asset and liability management policies, and overseeing the formulation and implementation of strategies regarding balance sheet positions.

The Corporation uses two complementary methods to measure and manage interest rate risk. They are simulation of net interest income and estimates of economic value of equity. Using these measurements in tandem provides a reasonably comprehensive summary of the magnitude of the Corporation's interest rate risk, level of risk as time evolves, and exposure to changes in interest rates.

Simulation of net interest income is performed for the next 12-month period. A variety of interest rate scenarios are used to measure the effects of sudden and gradual movements upward and downward in the yield curve. These results are compared to the results obtained in a flat or unchanged interest rate scenario. Simulation of net interest income is used primarily to measure the Corporation's short-term earnings exposure to rate movements. The Corporation's policy limits the potential exposure of net interest income, in a non-parallel instantaneous shock, to 10% of the base case net interest income for a 100 bps shock in interest rates, 15% for a 200 bps shock, 20% for a 300 bps shock and 25% for a 400 bps shock. A "shock" is an immediate upward or downward movement of interest rates. The shocks do not take into account changes in customer behavior that could result in changes to mix and/or volumes in the balance sheet, nor does it take into account the potential effects of competition on the pricing of deposits and loans over the forward 12-month period.

Contractual maturities and repricing opportunities of loans are incorporated in the simulation model as are prepayment assumptions, maturity data and call options within the investment portfolio. Assumptions based on past experience are incorporated into the model for non-maturity deposit accounts. The assumptions used are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income. Actual results will differ from the model's simulated results due to timing, amount and frequency of interest rate changes as well as changes in market conditions and the application and timing of various management strategies.

The following table summarizes the expected impact of abrupt interest rate changes, i.e. a non-parallel instantaneous shock, on net interest income as of December 31, 2021 (due to the current level of interest rates, the downward shock scenarios are not shown):

Rate Shock (1)	Annual change in net interest income	% Change in net interest income
+400 bps	+ $173.1 million	+ 25.3%
+300 bps	+ $129.6 million	+ 19.0%
+200 bps	+ $85.6 million	+ 12.5%
+100 bps	+ $41.3 million	+ 6.0%

(1) These results include the effect of implicit and explicit interest rate floors that limit further reduction in interest rates.

Economic value of equity estimates the discounted present value of asset and liability cash flows. Discount rates are based upon market prices for like assets and liabilities. Abrupt changes or "shocks" in interest rates, both upward and downward, are used to determine the comparative effect of such interest rate movements relative to the unchanged environment. This measurement tool is used primarily to evaluate the longer-term repricing risks and options in the Corporation's balance sheet. The Corporation's policy limits the economic value of equity that may be at risk, in a non-parallel instantaneous shock, to 10% of the base case economic value of equity for a 100 bps shock in interest rates, 20% for a 200 bps shock, 30% for a 300 bps shock and 40% for a 400 bps shock. As of December 31, 2021, the Corporation was within economic value of equity policy limits for every 100 bps shock.

Interest Rate Swaps

The Corporation enters into interest rate swaps with certain qualifying commercial loan customers to meet their interest rate risk management needs. The Corporation simultaneously enters into interest rate swaps with dealer counterparties, with identical notional amounts and terms. The net result of these interest rate swaps is that the customer pays a fixed rate of interest and the Corporation receives a floating rate. These interest rate swaps are derivative financial instruments, and the gross fair values are recorded in other assets and liabilities on the consolidated balance sheets, with changes in fair value during the period recorded in other non-interest expense on the consolidated statements of income.

Cash Flow Hedges

The Corporation's objectives in using interest rate derivatives are to reduce volatility in net interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Corporation primarily uses interest rate swaps as part of its interest rate risk management strategy. During 2021, the Corporation entered into interest rate swaps designated as cash flow hedges to hedge the variable cash flows associated with existing floating rate loans. These hedge contracts involve the receipt of fixed-rate amounts from a counterparty in exchange for the Corporation making floating-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the unrealized gain or loss on the derivative is recorded in AOCI and subsequently reclassified into interest income in the same period during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income as interest payments are made on the Corporation's variable-rate liabilities.

Liquidity

The Corporation must maintain a sufficient level of liquid assets to meet the cash needs of its customers, who, as depositors, may want to withdraw funds or who, as borrowers, need credit availability. Liquidity is provided on a continuous basis through scheduled and unscheduled principal and interest payments on investments and outstanding loans and through the availability of deposits and borrowings. The Corporation also maintains secondary sources that provide liquidity on a secured and unsecured basis to meet short- and long-term needs.

The Corporation maintains liquidity sources in the form of interest-bearing deposits and customer funding (short-term promissory notes). The Corporation can access additional liquidity from these sources, if necessary, by increasing the rates of interest paid on those instruments. The positive impact to liquidity resulting from paying higher interest rates could have a detrimental impact on the net interest margin and net interest income if rates on interest-earning assets do not experience a proportionate increase. Borrowing availability with the FHLB and the FRB, along with federal funds lines at various correspondent banks, provides the Corporation with additional liquidity.

Fulton Bank is a member of the FHLB and has access to FHLB overnight and term credit facilities. As of December 31, 2021, the Corporation had no short- or long-term advances outstanding with the FHLB. As of December 31, 2021, the Corporation has borrowing capacity of approximately $5.8 billion under these facilities. Advances from the FHLB, when utilized, are secured by qualifying commercial real estate and residential mortgage loans, investments and other assets.

As of December 31, 2021, the Corporation had aggregate availability under federal funds lines of $2.1 billion, with no outstanding borrowings against that amount. A combination of commercial real estate loans, commercial loans and securities are pledged to the FRB of Philadelphia to provide access to FRB discount window borrowings. As of December 31, 2021, the Corporation had $0.9 billion of collateralized borrowing availability at the discount window, and no outstanding borrowings.

The Corporation records a reserve for unfunded commitments, included in other liabilities on the consolidated balance sheets, which represents management's estimate of losses inherent in commitments to extend credit and letters of credit. As of December 31, 2021, the balance of these commitments was $352.5 million.

Liquidity must also be managed at the Corporation's parent company level. For safety and soundness reasons, banking regulations limit the amount of cash that can be transferred from subsidiary banks to the parent company in the form of loans and dividends. Generally, these limitations are based on the subsidiary banks' regulatory capital levels and their net income. See

"Note 11 - Regulatory Matters - Dividend and Loan Limitations" in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data" for additional information concerning limitations on the dividends that may be paid to the Corporation, and loans that may be granted to the Corporation. Management continues to monitor the liquidity and capital needs of the parent company and will implement appropriate strategies, as necessary, to remain adequately capitalized and to meet its cash needs.

The Corporation's sources and uses of funds were discussed in general terms in the "Net Interest Income" section of Management's Discussion and Analysis. The consolidated statements of cash flows provide additional information. The Corporation's operating activities during 2021 generated $342.3 million of cash, mainly due to net income of $275.5 million. Cash used in investing activities was $214.0 million, primarily due to net cash flows from purchases of AFS and HTM securities, offset by an increase in cash flows from loans, primarily related to the decrease in PPP loans. Net cash used in financing activities was $337.5 million, due primarily to the repayment of long-term borrowings, decreases in time deposits and short-term borrowings, and dividends paid, offset by cash flows provided by an increase in demand and savings deposits.

The following table presents the expected maturities of AFS investment securities, at estimated fair value, as of December 31, 2021 and the weighted average yields on such securities (calculated based on historical cost):

	Maturing							
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Available for sale	(dollars in thousands)							
U.S. Government securities	$ —	— %	$ 127,618	0.65 %	$ —	— %	$ —	— %
State and municipal (1)	8,147	5.36	10,561	5.16	46,422	4.05	1,123,540	3.77
Corporate debt securities	1,028	5.36	25,745	3.36	359,360	3.79	—	—
Auction rate securities (2)	—	—	—	—	—	—	74,667	1.60
Total	$ 9,175	5.36 %	$ 163,924	1.35 %	$ 405,782	3.82 %	$1,198,207	3.63 %

(1) Weighted average yields on tax-exempt securities have been computed on a fully taxable-equivalent basis assuming a federal tax rate of 21% and statutory interest expense disallowances.
(2) Maturities of ARCs are based on contractual maturities.

The Corporation's investment portfolio consists mainly of state and municipal securities, mortgage-backed securities and collateralized mortgage obligations. Mortgage-backed securities and collateralized mortgage obligations have stated maturities that may differ from actual maturities due to borrowers' ability to prepay obligations. Cash flows from such investments are dependent upon the performance of the underlying mortgage loans and are generally influenced by the level of interest rates. As rates increase, cash flows generally decrease as prepayments on the underlying mortgage loans decrease. As rates decrease, cash flows generally increase as prepayments increase.

The following table presents AFS mortgage-backed investment securities, at estimated fair value, and HTM mortgage-backed investment securities, at amortized cost, as of December 31, 2021, without stated maturities, including the weighted average yields and estimated weighted average lives based on prepayment speeds on such securities:

	Amount	Yield	Weighted Average Life
	(dollars in thousands)		(in years)
Available for sale			
Residential mortgage-backed securities	$ 229,795	1.48 %	6.9
Commercial mortgage-backed securities	971,148	2.03	5.4
Collateralized mortgage obligations	209,359	2.57	1.8
Held to maturity			
Residential mortgage-backed securities	404,958	1.71	5.3
Commercial mortgage-backed securities	$ 575,426	1.42 %	6.9

The following table presents the contractual maturities of fixed rate loans and loan types subject to changes in interest rates as of December 31, 2021:

	One Year or Less	One Through Five Years	More Than Five Years	Total
		(in thousands)		
Commercial and industrial:				
Adjustable and floating rate	$ 878,779	$ 1,870,312	$ 407,888	$ 3,156,979
Fixed rate	377,774	580,231	93,343	1,051,348
Total commercial and industrial	$ 1,256,553	$ 2,450,543	$ 501,231	$ 4,208,327
Real estate – mortgage (1):				
Adjustable and floating rate	$ 1,610,832	$ 4,773,542	$ 2,178,207	$ 8,562,581
Fixed rate	896,030	1,817,004	968,463	3,681,497
Total real estate - mortgage (1)	$ 2,506,862	$ 6,590,546	$ 3,146,670	$ 12,244,078
Real estate – construction:				
Adjustable and floating rate	$ 341,075	$ 409,924	$ 160,422	$ 911,421
Fixed rate	201,834	22,132	4,392	228,358
Total real estate – construction	$ 542,909	$ 432,056	$ 164,814	$ 1,139,779
Consumer, lease financing and other:				
Adjustable and floating rate	$ 12,765	$ 47,116	$ —	$ 59,881
Fixed rate	206,605	403,315	80,404	690,324
Total consumer, lease financing and other	$ 219,370	$ 450,431	$ 80,404	$ 750,205
Unearned income	—	(17,039)	—	(17,039)
Total	$ 4,525,694	$ 9,906,537	$ 3,893,119	$ 18,325,350

(1) Includes commercial and residential mortgages and home equity loans.

Contractual maturities of time deposits as of December 31, 2021 were as follows (in thousands):

Year	
2022	$ 1,315,785
2023	232,748
2024	71,064
2025	29,367
2026	14,810
Thereafter	63,702
Total	$ 1,727,476

Contractual maturities of time deposits of $100,000 or more outstanding, included in the table above, as of December 31, 2021 were as follows (in thousands):

Three months or less	$ 132,545
Over three through six months	127,783
Over six through twelve months	323,164
Over twelve months	162,053
Total	$ 745,545

Debt Security Market Price Risk

Debt security market price risk is the risk that changes in the values of debt securities, unrelated to interest rate changes, could have a material impact on the financial position or results of operations of the Corporation. The Corporation's debt security investments consist primarily of U.S. government sponsored agency issued mortgage-backed securities and collateralized mortgage obligations, state and municipal securities, auction rate securities and corporate debt securities. All of the Corporation's investments in mortgage-backed securities and collateralized mortgage obligations have principal payments that are guaranteed by U.S. government sponsored agencies.

State and Municipal Securities

As of December 31, 2021, the Corporation owned securities issued by various states and municipalities with a total fair value of $1.2 billion. Uncertainty with respect to the financial strength of state and municipal bond insurers places emphasis on the underlying strength of issuers. Pressure on local tax revenues of issuers due to adverse economic conditions could have an adverse impact on the underlying credit quality of issuers. The Corporation evaluates existing and potential holdings primarily based on the underlying creditworthiness of the issuing state or municipality and then, to a lesser extent, on any credit enhancement. State and municipal securities can be supported by the general obligation of the issuing state or municipality, allowing the securities to be repaid by any means available to the issuing state or municipality. As of December 31, 2021, approximately 100% of state and municipal securities were supported by the general obligation of corresponding states or municipalities. Approximately 68% of these securities were school district issuances, which are also supported by the states of the issuing municipalities.

Auction Rate Securities

As of December 31, 2021, the Corporation’s investments in ARCs had a cost basis of $76.4 million and an estimated fair value of $74.7 million. The fair values of the ARCs currently in the portfolio were derived using significant unobservable inputs based on an expected cash flows model which produced fair values that may not represent those that could be expected from settlement of these investments in the current market. The expected cash flows model produced fair values which assumed a return to market liquidity sometime within the next five years. The Corporation believes that the trusts underlying the ARCs will self-liquidate as student loans are repaid.

The credit quality of the underlying debt associated with the ARCs is also a factor in the determination of their estimated fair value. As of December 31, 2021, all of the ARCs were rated above investment grade. All of the loans underlying the ARCs have principal payments which are guaranteed by the federal government. At December 31, 2021, all of the Corporation's ARCs were current and making scheduled interest payments.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per-share data)

	December 31, 2021	December 31, 2020
ASSETS		
Cash and due from banks	**$ 172,276**	$ 120,462
Interest-bearing deposits with other banks	**1,466,338**	1,727,370
Cash and cash equivalents	**1,638,614**	1,847,832
FRB and FHLB stock	**57,635**	92,129
Loans held for sale	**35,768**	83,886
Investment securities:		
AFS, at estimated fair value	**3,187,390**	3,062,143
HTM, at amortized cost	**980,384**	278,281
Net Loans	**18,325,350**	18,900,820
Less: ACL - loans	**(249,001)**	(277,567)
Loans, net	**18,076,349**	18,623,253
Net premises and equipment	**220,357**	231,480
Accrued interest receivable	**57,451**	72,942
Goodwill and net intangible assets	**538,053**	536,659
Other assets	**1,004,397**	1,078,128
Total Assets	**$ 25,796,398**	$ 25,906,733
LIABILITIES		
Deposits:		
Noninterest-bearing	**$ 7,370,963**	$ 6,531,002
Interest-bearing	**14,202,536**	14,308,205
Total Deposits	**21,573,499**	20,839,207
Short-term borrowings	**416,764**	630,066
Accrued interest payable	**7,000**	10,365
Long-term borrowings	**621,345**	1,296,263
Other liabilities	**465,110**	514,004
Total Liabilities	**23,083,718**	23,289,905
SHAREHOLDERS' EQUITY		
Preferred stock, no par value, 10.0 million shares authorized, Series A, 0.2 million shares authorized and issued in 2021 and 2020, liquidation preference of $1,000 per share	**192,878**	192,878
Common stock, 2.50 par value, 600.0 million shares authorized, 223.9 million shares issued in 2021 and 223.2 million issued in 2020	**559,766**	557,917
Additional paid-in capital	**1,519,873**	1,508,117
Retained earnings	**1,282,383**	1,120,781
Accumulated other comprehensive gain	**27,411**	65,091
Treasury stock, at cost, 63.4 million shares in 2021 and 60.8 million shares in 2020	**(869,631)**	(827,956)
Total Shareholders' Equity	**2,712,680**	2,616,828
Total Liabilities and Shareholders' Equity	**$ 25,796,398**	$ 25,906,733

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per-share data)

	2021	2020	2019
Interest Income			
Loans, including fees	**$ 638,595**	$ 656,077	$ 737,932
Investment securities:			
Taxable	**55,351**	58,173	62,556
Tax-exempt	**24,470**	21,047	14,218
Loans held for sale	**1,302**	2,077	1,351
Other interest income	**3,694**	5,504	9,249
Total Interest Income	**723,412**	742,878	825,306
Interest Expense			
Deposits	**30,005**	70,046	131,775
Short-term borrowings	**583**	5,227	14,543
Long-term borrowings	**29,094**	38,398	30,599
Total Interest Expense	**59,682**	113,671	176,917
Net Interest Income	**663,730**	629,207	648,389
Provision for credit losses	**(14,600)**	76,920	32,825
Net Interest Income After Provision for Credit Losses	**678,330**	552,287	615,564
Non-Interest Income			
Commercial banking	**68,689**	70,286	71,117
Consumer banking	**45,544**	41,598	49,503
Wealth management	**71,798**	59,058	55,678
Mortgage banking	**33,576**	42,309	23,099
Other	**20,622**	13,084	12,030
Non-Interest Income Before Investment Securities Gains, Net	**240,229**	226,335	211,427
Investment securities gains, net	**33,516**	3,053	4,733
Total Non-Interest Income	**273,745**	229,388	216,160
Non-Interest Expense			
Salaries and employee benefits	**329,138**	324,395	311,934
Data processing and software	**56,440**	48,073	44,679
Net occupancy	**53,799**	53,013	52,826
Other outside services	**34,194**	31,432	39,989
Debt extinguishment	**33,249**	2,878	4,326
State taxes	**18,793**	12,613	8,894
Equipment	**13,807**	13,885	13,575
FDIC insurance	**10,665**	8,865	7,780
Professional fees	**9,647**	12,835	13,134
Amortization of TCI	**6,187**	6,126	6,021
Marketing	**5,275**	5,127	9,848
Intangible amortization	**589**	529	1,427
Other	**46,047**	59,669	53,303
Total Non-Interest Expense	**617,830**	579,440	567,736
Income Before Income Taxes	**334,245**	202,235	263,988
Income taxes	**58,748**	24,195	37,649
Net Income	**275,497**	178,040	226,339
Preferred stock dividends	**(10,277)**	(2,135)	—
Net Income Available to Common Shareholders	**$ 265,220**	$ 175,905	$ 226,339
PER SHARE:			
Net income available to common shareholders (basic)	**$ 1.63**	$ 1.08	$ 1.36
Net income available to common shareholders (diluted)	**1.62**	1.08	1.35
Cash dividends	**0.64**	0.56	0.56

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	2021	2020	2019
Net Income	**$ 275,497**	$ 178,040	226,339
Other Comprehensive (Loss)/Income, net of tax:			
Unrealized gains (losses) on AFS investment securities:			
Unrealized (loss)/gain on securities	**(17,948)**	65,651	56,919
Reclassification adjustment for securities gains included in net income	**(25,905)**	(2,359)	(3,686)
Amortization of net unrealized losses on AFS securities transferred to HTM	**2,690**	3,448	6,285
Non-credit related unrealized (loss) gain on other-than-temporarily impaired debt securities	**—**	—	(680)
Net unrealized gains (losses) on AFS investment securities	**(41,163)**	66,740	58,838
Unrealized (losses) gains on interest rate swaps used in cash flow hedges:			
Net unrealized holding (losses) gains arising during the period	**(2,147)**	—	—
Less: reclassification adjustment for net losses (gains) realized in net income	**2,670**	—	—
Net unrealized (losses) gains on interest rate swaps used in cash flow hedges	**(4,817)**	—	—
Defined benefit pension plan and postretirement benefits:			
Unrecognized pension and postretirement (cost) income	**7,144**	(2,532)	(937)
Amortization of net unrecognized pension and postretirement income	**1,156**	1,020	1,025
Net unrealized (losses) gains on defined benefit pension and postretirement plans	**8,300**	(1,512)	88
Other Comprehensive (Loss)/Income	**(37,680)**	65,228	58,926
Total Comprehensive Income	**$ 237,817**	$ 243,268	$ 285,265

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except per share data)

	Preferred Stock		Common Stock				Accumulated		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive (Loss) Income	Treasury Stock	Total
Balance at December 31, 2018	—	$ —	170,184	$554,377	$1,489,703	$ 946,032	$ (59,063)	$(683,476)	$ 2,247,573
Net income						226,339			226,339
Other comprehensive income							58,926		58,926
Common stock issued			883	1,733	2,565			2,064	6,362
Stock-based compensation awards					7,413				7,413
Acquisition of treasury stock			(6,849)					(111,457)	(111,457)
Common stock cash dividends - $0.56 per share						(92,980)			(92,980)
Balance at December 31, 2019	—	$ —	164,218	$556,110	$1,499,681	$1,079,391	$ (137)	$(792,869)	$ 2,342,176
Net income						178,040			178,040
Other comprehensive income							65,228		65,228
Preferred stock issued	200	192,878							192,878
Common stock issued			1,040	1,807	907			4,661	7,375
Stock-based compensation awards					7,529				7,529
Acquisition of treasury stock			(2,908)					(39,748)	(39,748)
Adjustment for CECL(1)						(43,807)			(43,807)
Preferred stock dividend						(2,135)			(2,135)
Common stock cash dividends - $0.56 per share						(90,708)			(90,708)
Balance at December 31, 2020	**200**	**$192,878**	**162,350**	**$557,917**	**$1,508,117**	**$1,120,781**	**$ 65,091**	**$(827,956)**	**$ 2,616,828**
Net income						**275,497**			**275,497**
Other comprehensive loss							**(37,680)**		**(37,680)**
Common stock issued			**943**	**1,849**	**3,354**			**2,234**	**7,437**
Stock-based compensation awards					**8,402**				**8,402**
Acquisition of treasury stock			**(2,803)**					**(43,909)**	**(43,909)**
Preferred stock dividend						**(10,277)**			**(10,277)**
Common stock cash dividends - $0.64 per share						**(103,618)**			**(103,618)**
Balance at December 31, 2021	**200**	**$192,878**	**160,490**	**$559,766**	**$1,519,873**	**$1,282,383**	**$ 27,411**	**$(869,631)**	**$ 2,712,680**

See Notes to Consolidated Financial Statements

(1) The Corporation adopted ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments on January 1, 2020. See Note 1 to the Consolidated Financial Statements for further details.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	**$ 275,497**	$ 178,040	$ 226,339
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	**(14,600)**	76,920	32,825
Depreciation and amortization of premises and equipment	**28,802**	28,803	28,200
Amortization of TCI	**28,003**	30,800	32,810
Net amortization of investment securities premiums	**16,031**	12,222	9,387
Deferred income tax benefit	**12,410**	(21,591)	(165)
Investment securities gains, net	**(33,516)**	(3,053)	(4,733)
Gain on sales of mortgage loans held for sale	**(24,379)**	(53,599)	(17,882)
Proceeds from sales of mortgage loans held for sale	**1,050,943**	1,536,174	916,725
Originations of mortgage loans held for sale	**(978,446)**	(1,528,633)	(909,572)
Intangible amortization	**589**	529	1,427
Amortization of issuance costs and discounts on long-term borrowings	**1,846**	1,128	842
Debt extinguishment costs	**33,249**	2,877	—
Stock-based compensation	**8,402**	7,529	7,413
Other changes, net	**(62,559)**	(110,781)	(195,903)
Total adjustments	**66,775**	(20,675)	(98,626)
Net cash provided by operating activities	**342,272**	157,365	127,713
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of AFS securities	**359,137**	215,150	710,739
Proceeds from principal repayments and maturities of AFS securities	**469,393**	430,845	234,702
Proceeds from principal repayments and maturities of HTM securities	**117,958**	93,823	83,121
Purchase of AFS securities	**(1,309,470)**	(1,134,380)	(1,138,070)
Purchase of HTM securities	**(443,081)**	—	—
Sale of Visa Shares	**33,962**	—	—
Sale (purchase) of FRB and FHLB stock	**34,494**	5,293	(18,139)
Net decrease (increase) in loans	**561,664**	(2,072,831)	(708,048)
Net purchases of premises and equipment	**(17,679)**	(20,237)	(33,717)
Net cash paid for acquisition	**(1,982)**	(1,884)	(5,174)
Net change in tax credit investments	**(18,363)**	(15,259)	(18,760)
Net cash used in investing activities	**(213,967)**	(2,499,480)	(893,346)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in demand and savings deposits	**1,315,139**	3,951,905	849,437
Net (decrease) increase in time deposits	**(580,847)**	(506,611)	168,317
Net (decrease) increase in short-term borrowings	**(213,302)**	(253,175)	128,464
Proceeds from long-term borrowings	**620**	495,898	485,000
Repayments of long-term borrowings	**(710,633)**	(85,410)	(596,056)
Net proceeds from issuance of preferred stock	**—**	192,878	—
Net proceeds from issuance of common stock	**7,437**	7,375	6,362
Dividends paid	**(112,028)**	(90,956)	(92,330)
Acquisition of treasury stock	**(43,909)**	(39,748)	(111,457)
Net cash (used in) provided by financing activities	**(337,523)**	3,672,156	837,737
Net (decrease) increase in Cash and Cash Equivalents	**(209,218)**	1,330,041	72,104
Cash and Cash Equivalents at Beginning of Period	**1,847,832**	517,791	445,687
Cash and Cash Equivalents at End of Period	**$ 1,638,614**	$ 1,847,832	$ 517,791
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for:			
Interest	**$ 63,047**	$ 112,140	$ 178,612
Income taxes	**27,870**	16,190	9,193
Supplemental Schedule of Certain Noncash Activities:			
Transfer of AFS securities to HTM securities	**$ 376,165**	$ —	$ —
Transfer of HTM securities to AFS securities	**—**	—	158,898

See Notes to Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business: The Corporation is a financial holding company that provides a full range of banking and financial services to businesses and consumers through its wholly owned banking subsidiary, Fulton Bank. In addition, the Parent Company owns the following non-bank subsidiaries: Fulton Financial Realty Company, Central Pennsylvania Financial Corp., FFC Management, Inc., FFC Penn Square, Inc. and Fulton Insurance Services Group, Inc. Collectively, the Parent Company and its subsidiaries are referred to as the Corporation.

The Corporation's primary sources of revenue are interest income on loans, investment securities and other interest-earning assets and fee income earned on its products and services. Its expenses consist of interest expense on deposits and borrowed funds, provision for credit losses, other operating expenses and income taxes. The Corporation's primary competition is other financial services providers operating in its region. Competitors also include financial services providers located outside the Corporation's geographic market as a result of the growth in electronic delivery channels. The Corporation is subject to the regulations of certain federal and state agencies and undergoes periodic examinations by such regulatory agencies.

The Corporation offers, through its banking subsidiary, a full range of retail and commercial banking services in Pennsylvania, Delaware, Maryland, New Jersey and Virginia. Industry diversity is the key to the economic well-being of these markets, and the Corporation is not dependent upon any single customer or industry.

Basis of Financial Statement Presentation: The consolidated financial statements have been prepared in conformity with GAAP and include the accounts of the Parent Company and all wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosed amount of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The Corporation evaluates subsequent events through the date of the filing of this report with the SEC.

Cash and Cash Equivalents and Restricted Cash: Cash and cash equivalents consists of cash and due from banks and interest bearing deposits with other banks, which includes restricted cash. Restricted cash comprises cash balances required to be maintained with the FRB, based on customer transaction deposit account levels, and cash balances provided as collateral on derivative contracts and other contracts. See Note 2, "Restrictions on Cash and Cash Equivalents" for additional information.

FRB and FHLB Stock: The Bank is a member of the FRB and FHLB and is required by federal law to hold stock in these institutions according to predetermined formulas. These restricted investments are carried at cost on the consolidated balance sheets and are periodically evaluated for impairment.

Investments: Debt securities are classified as HTM at the time of purchase when the Corporation has both the intent and ability to hold these investments until they mature. Such debt securities are carried at cost, adjusted for amortization of premiums and accretion of discounts using the effective yield method. The Corporation does not engage in trading activities; however, since the investment portfolio serves as a source of liquidity, most debt securities are classified as AFS. AFS securities are carried at estimated fair value with the related unrealized holding gains and losses reported in shareholders' equity as a component of OCI, net of tax. Realized securities gains and losses are computed using the specific identification method and are recorded on a trade date basis.

The Corporation early adopted ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivative and Hedging, and Topic 825, Financial Instruments," in the third quarter of 2019, which permitted the one-time reclassification of certain HTM securities to AFS under Topic 815, specific to the transition guidance of ASU update 2017-12, which the Corporation adopted on January 1, 2019. See "Note 3 - Investment Securities" for additional information on this reclassification. The portion of this standards update related to codification improvements specific to Topic 326 was implemented with the Corporation's adoption of ASU 2016-13 in the first quarter of 2020.

HTM Debt Securities: Expected credit losses on HTM debt securities would be recorded in the ACL on HTM debt securities. As of December 31, 2021, no HTM debt securities required an ACL as these investments consist solely of government guaranteed residential mortgage-backed securities.

AFS Debt Securities: The ACL approach for AFS debt securities differs from the approach used for HTM debt securities as AFS debt securities are carried at fair value rather than amortized cost. In evaluating credit losses on AFS debt securities, management considers factors such as delinquency, guarantees and whether the securities are rated higher than investment grade. As of December 31, 2021, no AFS debt securities required an ACL.

Fair Value Option: The Corporation has elected to measure mortgage loans held for sale at fair value. Derivative financial instruments related to mortgage banking activities are also recorded at fair value, as detailed under the heading "Derivative Financial Instruments," below. The Corporation determines fair value for its mortgage loans held for sale based on the price that secondary market investors would pay for loans with similar characteristics, including interest rate and term, as of the date fair value is measured. Changes in fair values during the period are recorded as components of mortgage banking income on the consolidated statements of income. Interest income earned on mortgage loans held for sale is classified in interest income on the consolidated statements of income.

Loans: Loans are stated at their principal amount outstanding, except for mortgage loans held for sale, which are carried at fair value. Interest income on loans is accrued as earned.

In general, loans are placed on non-accrual status once they become 90 days delinquent as to principal or interest. In certain cases a loan may be placed on non-accrual status prior to being 90 days delinquent if there is an indication that the borrower is having difficulty making payments, or the Corporation believes it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. When interest accruals are discontinued, unpaid interest previously credited to income is reversed. Non-accrual loans may be restored to accrual status when all delinquent principal and interest has been paid currently for six consecutive months or the loan is considered secured and in the process of collection. The Corporation generally applies payments received on non-accruing loans to principal until such time as the principal is paid off, after which time any payments received are recognized as interest income. If the Corporation believes that all amounts outstanding on a non-accrual loan will ultimately be collected, payments received subsequent to its classification as a non-accrual loan are allocated between interest income and principal.

A loan that is 90 days delinquent may continue to accrue interest if the loan is both adequately secured and is in the process of collection. Past due status is determined based on contractual due dates for loan payments. An adequately secured loan is one that has collateral with a supported fair value that is sufficient to discharge the debt, and/or has an enforceable guarantee from a financially responsible party. A loan is considered to be in the process of collection if collection is proceeding through legal action or through other activities that are reasonably expected to result in repayment of the debt or restoration to current status in the near future.

Loans deemed to be a loss are written off through a charge against the ACL. Closed-end consumer loans are generally charged-off when they become 120 days past due (180 days for open-end consumer loans) if they are not adequately secured by real estate. All other loans are evaluated for possible charge-off when it is probable that the balance will not be collected, based on the ability of the borrower to pay and the value of the underlying collateral, if any. Principal recoveries of loans previously charged-off are recorded as increases to the ACL.

Loan Origination Fees and Costs: Loan origination fees and the related direct origination costs are deferred and amortized over the life of the loan as an adjustment to interest income using the effective yield method. For mortgage loans sold, net loan origination fees and costs are included in the gain or loss on sale of the related loan, as components of mortgage banking.

Loan origination fees and the related direct origination costs for loans originated under the PPP loan program are amortized on a straight-line basis over the repayment period of the loan. To the extent that a PPP loan is forgiven, the unamortized fees and costs will be recognized as interest income at the time of forgiveness.

Troubled Debt Restructurings: Loans are accounted for and reported as TDRs when, for economic or legal reasons, the Corporation grants a concession to a borrower experiencing financial difficulty that it would not otherwise consider. Concessions, whether negotiated or imposed by bankruptcy, granted under a TDR typically involve a temporary deferral of scheduled loan payments, an extension of a loan’s stated maturity date or a reduction in the interest rate. Non-accrual TDRs can be restored to accrual status if principal and interest payments, under the modified terms, are current for six consecutive months after modification.

On March 27, 2020 the CARES Act was signed into law. The CARES Act includes an option for financial institutions to suspend the requirements of GAAP for certain loan modifications that would otherwise be categorized as a TDR. Certain conditions must be met with respect to the loan modification including that the modification is related to COVID-19 and the modified loan was not more than 30 days past due on December 31, 2019. On December 27, 2020, the 2021 Consolidated Appropriations Act was signed into law and this Act extended the relief for TDR treatment until January 1, 2022, when it expired. The Corporation is applying the option under the CARES act for all loan modifications that qualify.

In November 2021, the FASB issued a proposed ASU as part of its Post-Implementation Review process. As part of that process, the proposed ASU would eliminate the accounting guidance for TDRs, effective in 2022.

Allowance for Credit Losses:

CECL Adoption

On January 1, 2020, the Corporation adopted ASU 2016-13, *Financial Instruments - Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments,* which replaced the incurred loss methodology, and is referred to as CECL. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans and HTM debt securities. It also applies to OBS credit exposures, such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments, and net investments in leases recognized by a lessor in accordance with ASC Topic 842.

The Corporation adopted CECL using the modified retrospective method for all financial assets measured at amortized cost, net investments in leases and OBS credit exposures. Results for reporting periods beginning after January 1, 2020 are presented under CECL, while prior period results are reported in accordance with the previously applicable incurred loss methodology, ASC 310-10 and ASC 450-20. The Corporation recorded an increase of $58.3 million to the ACL on January 1, 2020 as a result of the adoption of CECL. Retained earnings decreased $43.8 million, and DTAs increased by $12.4 million. Included in the $58.3 million increase to the ACL was $2.1 million for certain OBS credit exposures that was previously recognized in other liabilities before the adoption of CECL.

The Corporation has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

Loans: The ACL for loans is an estimate of the expected losses to be realized over the life of the loans in the portfolio. The ACL is determined for two distinct categories of loans: 1) loans evaluated collectively for expected credit losses and 2) loans evaluated individually for expected credit losses.

Loans Evaluated Collectively: Loans evaluated collectively for expected credit losses include loans on accrual status, excluding accruing TDRs, and loans initially evaluated individually, but determined not to have enhanced credit risk characteristics. This category includes loans on non-accrual status and TDRs where the total commitment amount is less than $1 million. The ACL is estimated by applying a PD and LGD to the EAD at the loan level. In order to determine the PD, LGD, and EAD calculation inputs:

- Loans are aggregated into pools based on similar risk characteristics.
- The PD and LGD rates are determined by historical credit loss experience for each pool of loans.
- The loan segment PD rates are estimated using six econometric regression models that use the Corporation's historical credit loss experience and incorporate reasonable and supportable economic forecasts for various macroeconomic variables that are statistically correlated with expected loss behavior in the loan segment.
- The reasonable and supportable forecast for each macroeconomic variable is sourced from an external third party and is applied over the contractual term of the Corporation's loan portfolio. The Corporation's economic forecast considers the general health of the economy, the interest rate environment, real estate pricing and market risk.
- A single baseline forecast scenario is used for each macroeconomic variable.
- The loan segment lifetime LGD rates are estimated using a loss rate approach based on the Corporation's historical charge-off experience and the balance at the time of loan default.
- The LGD rates are adjusted for the Corporation's recovery experience.
- To calculate the EAD, the corporation estimates contractual cash flows over the remaining life of each loan. Certain cash flow assumptions are established for each loan using maturity date, amortization schedule and interest rate. In addition, a prepayment rate is used in determining the EAD estimate.

Loans Evaluated Individually: Loans evaluated individually for expected credit losses include loans on non-accrual status and TDRs where the commitment amount equals or exceeds $1.0 million. The required ACL for such loans is determined using either the present value of expected future cash flows, observable market price or the fair value of collateral.

Loans evaluated individually may have specific allocations of the ACL assigned if the measured value of the loan using one of the noted techniques is less than its current carrying value. For loans measured using the fair value of collateral, if the analysis determines that sufficient collateral value would be available for repayment of the debt, then no allocations would be assigned to those loans. Collateral could be in the form of real estate or business assets, such as accounts receivable or inventory, in the case of commercial and industrial loans. Commercial and industrial loans may also be secured by real estate.

For loans secured by real estate, estimated fair values are determined primarily through appraisals performed by third-party appraisers, discounted to arrive at expected net sale proceeds. For collateral dependent loans, estimated real estate fair values are also net of estimated selling costs. When a real estate secured loan is impaired, a decision is made regarding whether an updated appraisal of the real estate is necessary. This decision is based on various considerations, including: the age of the most recent appraisal; the loan-to-value ratio based on the original appraisal; the condition of the property; the Corporation's experience and knowledge of the real estate market; the purpose of the loan; market factors; payment status; the strength of any guarantors; and the existence and age of other indications of value such as broker price opinions, among others. The Corporation generally obtains updated appraisals performed by third-party appraisers for impaired loans secured predominantly by real estate every 12 months.

When updated appraisals are not obtained for loans secured by real estate, fair values are estimated based on the original appraisal values, as long as the original appraisal indicated an acceptable loan-to-value position and there has not been a significant deterioration in the collateral value since the original appraisal was performed.

For loans with principal balances greater than or equal to $1.0 million secured by non-real estate collateral, such as accounts receivable or inventory, estimated fair values are determined based on borrower financial statements, inventory listings, accounts receivable agings or borrowing base certificates. Indications of value from these sources are generally discounted based on the age of the financial information or the quality of the assets. Liquidation or collection discounts are applied to these assets based upon existing loan evaluation policies.

Management regularly reviews loans in the portfolio to assess credit quality indicators and to determine appropriate loan classification. For commercial loans, commercial mortgages and construction loans to commercial borrowers, an internal risk rating process is used. The Corporation believes that internal risk ratings are the most relevant credit quality indicator for these types of loans. The migration of loans through the various internal risk rating categories is a significant component of the ACL methodology for these loans, which bases the PD on this migration. Assigning risk ratings involves judgment. Risk ratings may be changed based on ongoing monitoring procedures, or if specific loan review assessments identify a deterioration or an improvement in the loan.

The following is a summary of the Corporation's internal risk rating categories:

- Pass: These loans do not currently pose undue credit risk and can range from the highest to average quality, depending on the degree of potential risk.
- Special Mention: These loans have a heightened credit risk, but not to the point of justifying a classification of Substandard. Loans in this category are currently acceptable but, are nevertheless potentially weak.
- Substandard or Lower: These loans are inadequately protected by current sound worth and paying capacity of the borrower. There exists a well-defined weakness or weaknesses that jeopardize the normal repayment of the debt.

The allocation of the ACL is reviewed to evaluate its appropriateness in relation to the overall risk profile of the loan portfolio. The Corporation considers risk factors such as: local and national economic conditions; trends in delinquencies and non-accrual loans; the diversity of borrower industry types; and the composition of the portfolio by loan type.

Qualitative and Other Adjustments to ACL: In addition to the quantitative credit loss estimates for loans evaluated collectively, qualitative factors that may not be fully captured in the quantitative results are also evaluated. These qualitative factors include changes in lending policy, the nature and volume of the portfolio, overall business conditions in the economy, credit concentrations, specific industry risks, model imprecision and legal and regulatory requirements. Qualitative adjustments are judgmental and are based on management's knowledge of the portfolio and the markets in which the Corporation operates. Qualitative adjustments are evaluated and approved on a quarterly basis. Additionally, the ACL includes other allowance categories that are not directly incorporated in the quantitative results. These categories include but are not limited to loans-in-process, trade acceptances and overdrafts.

OBS Credit Exposures: The ACL for OBS credit exposures is recorded in other liabilities on the consolidated balance sheets. This portion of the ACL represents management's estimate of expected losses in its unfunded loan commitments and other OBS credit exposures. The ACL specific to unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws. Future draws are based on historical averages of utilization rates (i.e., the likelihood of draws taken). The ACL for OBS credit exposures is increased or decreased by charges or reductions to expense, through the provision for credit losses.

ACL Methodology Before CECL Adoption

For the years ended December 31, 2019 and prior, the ACL consists of the ACL for loans and unfunded commitments. The ACL represents management's estimate of incurred losses in the loan portfolio as of the balance sheet date and is recorded as a reduction to loans. The ACL for unfunded commitments represents management’s estimate of incurred losses in its unfunded loan commitments and other off-balance sheet credit exposures, such as letters of credit, and is recorded in other liabilities on the consolidated balance sheets. The ACL is increased by charges to expense, through the provision for credit losses, and decreased by charge-offs, net of recoveries.

The Corporation’s ACL for loans includes: 1) specific allowances allocated to loans evaluated for impairment under the ASC Section 310-10-35; and 2) allowances calculated for pools of loans evaluated for impairment under ASC Subtopic 450-20.

A loan is considered to be impaired if it is probable that all amounts will not be collected according to the contractual terms of the loan agreement. An allowance for loan losses is established for an impaired loan if its carrying value exceeds its estimated fair value.

All loans not evaluated for impairment under ASC Section 310-10-35 are evaluated for impairment under ASC Subtopic 450-20, using a pooled loss evaluation approach. Loans are segmented into pools with similar characteristics and a consistently developed loss factor is then applied to all loans in these pools. The Corporation calculates allowance for loan loss allocation needs for loans evaluated under ASC Subtopic 450-20 through the following procedures:

The loans are segmented into pools with similar characteristics, as noted above. Commercial loans, commercial mortgages and construction loans to commercial borrowers are further segmented into separate pools based on internally assigned risk ratings. Residential mortgages, home equity loans, consumer loans, and equipment lease financing are further segmented into separate pools based on delinquency status;

- A loss rate is calculated for each pool through an analysis of historical losses as loans migrate through the various risk rating or delinquency categories. Estimated loss rates are based on a probability of default and a loss rate forecast;
- The loss rate is adjusted to consider qualitative factors, such as economic conditions and trends; and
- The resulting adjusted loss rate is applied to the balance of the loans in the pool to arrive at the allowance allocation for the pool.

The allocation of the ACL for loans is reviewed to evaluate its appropriateness in relation to the overall risk profile of the loan portfolio. The Corporation considers risk factors such as: local and national economic conditions; trends in delinquencies and non-accrual loans; the diversity of borrower industry types; and the composition of the portfolio by loan type.

Premises and Equipment: Premises and equipment are stated at cost, less accumulated depreciation and amortization. The provision for depreciation and amortization is generally computed using the straight-line method over the estimated useful lives of the related assets, which are a maximum of 50 years for buildings and improvements, 8 years for furniture and 5 years for equipment. Leasehold improvements are amortized over the shorter of the useful life or the non-cancelable lease term. See Note 5, "Premises and Equipment" for additional information.

OREO: Assets acquired in settlement of mortgage loan indebtedness are recorded as OREO and are included in other assets on the consolidated balance sheets, initially at the lower of the estimated fair value of the asset, less estimated selling costs, or the carrying amount of the loan. Costs to maintain the assets and subsequent gains and losses on sales are included in other non-interest expense on the consolidated statements of income.

MSRs: The estimated fair value of MSRs related to residential mortgage loans sold and serviced by the Corporation is recorded as an asset upon the sale of such loans. MSRs are amortized as a reduction to mortgage servicing income, included as a component of mortgage banking income on the consolidated statements of income, over the estimated lives of the underlying loans.

MSRs are stratified and evaluated for impairment by comparing each stratum's carrying amount to its estimated fair value. Fair values are determined through a discounted cash flows valuation completed by a third-party valuation expert. Significant inputs to the valuation include expected net servicing income, the discount rate and the expected lives of the underlying loans. Expected life is based on the contractual terms of the loans, as adjusted for prepayment projections. To the extent the amortized cost of the MSRs exceeds their estimated fair value, a valuation allowance is established through a charge against servicing income. If subsequent valuations indicate that impairment no longer exists, the valuation allowance is reduced through an increase to servicing income. See Note 7, "Mortgage Servicing Rights" for additional information.

Derivative Financial Instruments: The Corporation manages its exposure to certain interest rate and foreign currency risks through the use of derivatives. Certain of the Corporation's outstanding derivative contracts are designated as hedges, and none are entered into for speculative purposes. The Corporation enters into derivative contracts that are intended to economically hedge certain of its risks, even if hedge accounting does not apply or the Corporation elects not to apply hedge accounting.

The Corporation records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Corporation has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. The Corporation does not have any derivative instruments designated as fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. For derivatives designated as cash flow hedges where hedge accounting is applied, changes in fair value are recognized in other comprehensive income. For derivatives where hedge accounting does not apply, changes in fair value are recognized in earnings as components of non-interest income or non-interest expense on the consolidated statements of income.

Derivative contracts create counterparty credit risk with both the Corporation's customers and with institutional derivative counterparties. The Corporation manages counterparty credit risk through its credit approval processes, monitoring procedures and obtaining adequate collateral, when the Corporation determines it is appropriate to do so and in accordance with counterparty contracts.

For each of the derivatives, gross derivative assets and liabilities are recorded in other assets and other liabilities, respectively, on the consolidated balance sheets. Related gains and losses on these derivative instruments are recorded in other changes, net on the consolidated statement of cash flows.

Mortgage Banking Derivatives

In connection with its mortgage banking activities, the Corporation enters into commitments to originate certain fixed-rate residential mortgage loans for customers, also referred to as interest rate locks. In addition, the Corporation enters into forward commitments for the future sales or purchases of mortgage-backed securities to or from third-party counterparties to hedge the effect of changes in interest rates on the values of both the interest rate locks and mortgage loans held for sale. Forward sales commitments may also be in the form of commitments to sell individual mortgage loans at a fixed price at a future date. The amount necessary to settle each interest rate lock is based on the price that secondary market investors would pay for loans with similar characteristics, including interest rate and term, as of the date fair value is measured.

Interest Rate Swaps - Non-Designated Hedges

The Corporation enters into interest rate swaps with certain qualifying commercial loan customers to meet their interest rate risk management needs. The Corporation simultaneously enters into interest rate swaps with dealer counterparties, with identical notional amounts and terms. The net result of these interest rate swaps is that the customer pays a fixed rate of interest and the Corporation receives a floating rate. As the interest rate derivatives associated with this program do not meet hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

The Corporation’s existing credit derivatives result from participation in interest rate swaps provided by external lenders as part of loan participation arrangements and, therefore, are not used to manage interest rate risk in the Corporation’s assets or liabilities. Derivatives not designated as hedges are not speculative and result from a service the Corporation provides to certain lenders participating in loans.

The Corporation is required to clear all eligible interest rate swap contracts with a clearing agent and is subject to the regulations of the Commodity Futures Trading Commission.

Cash Flow Hedges of Interest Rate Risk

The Corporation’s objectives in using interest rate derivatives are to reduce volatility in net interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Corporation primarily uses interest rate swaps as part of its interest rate risk management strategy. During the first quarter of 2021, the Corporation entered into interest rate swaps designated as cash flow hedges to hedge the variable cash flows associated with existing floating rate loans. These hedge contracts involve the receipt of fixed-rate amounts from a counterparty in exchange for the Corporation making floating-rate payments over the life of the agreements without exchange of the underlying notional amount.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the unrealized gain or loss on the derivative is recorded in AOCI and subsequently reclassified into interest income in the same period during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income as interest payments are made on the Corporation's variable-rate loans.

Foreign Exchange Contracts

The Corporation enters into foreign exchange contracts to accommodate the needs of its customers. Foreign exchange contracts are commitments to buy or sell foreign currency on a specific date at a contractual price. The Corporation limits its foreign exchange exposure with customers by entering into contracts with institutional counterparties to mitigate its foreign exchange risk. The Corporation also holds certain amounts of Foreign Currency Nostro Accounts. The Corporation limits the total overnight net foreign currency open positions, which is defined as an aggregate of all outstanding contracts and Foreign Currency Nostro Account balances, to $500,000. See "Note 10 - Derivative Financial Instruments" for additional information.

Balance Sheet Offsetting: Certain financial assets and liabilities may be eligible for offset on the consolidated balance sheets because they are subject to master netting arrangements or similar agreements. The Corporation has elected to net its financial assets and liabilities designated as cash flow hedges when offsetting is permitted. The Corporation has elected not to offset the remaining assets and liabilities subject to such arrangements on the consolidated financial statements.

The Corporation is a party to interest rate swaps with financial institution counterparties and customers. Under these agreements, the Corporation has the right to net-settle multiple contracts with the same counterparty in the event of default on, or termination of, any one contract. Cash collateral is posted by the party with a net liability position in accordance with contract thresholds and can be used to settle the fair value of the interest rate swaps in the event of default. A daily settlement occurs through a clearing agent for changes in the fair value of centrally cleared derivatives. Not all of the derivatives are required to be cleared through a daily clearing agent. As a result, the total fair values of interest rate swap derivative assets and derivative liabilities recognized on the consolidated balance sheets are not equal and offsetting.

The Corporation is also a party to foreign exchange contracts with financial institution counterparties under which the Corporation has the right to net-settle multiple contracts with the same counterparty in the event of default on, or termination of, any one contract. As with interest rate swaps, cash collateral is posted by the party with a net liability position in accordance with contract thresholds and can be used to settle the fair value of the foreign exchange contracts in the event of default.

For additional details on balance sheet offsetting, see "Note 10 - Derivative Financial Instruments."

Income Taxes: The Corporation utilizes the asset and liability method in accounting for income taxes. Under this method, DTAs and deferred tax liabilities are determined based upon the difference between the values of the assets and liabilities as reflected in the financial statements and their related tax basis using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. As changes in tax law or rates are enacted, DTAs and deferred tax liabilities are adjusted through the provision for income taxes. In assessing the realizability of DTAs, management considers whether it is more likely than not that some portion or all of the DTAs will not be realized. The ultimate realization of DTAs is dependent upon the generation of future taxable income and tax planning strategies which will create taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, the amount of taxes paid in available carryback years, projected future taxable income, and, if necessary, tax planning strategies in making this assessment. A valuation allowance is provided against DTAs unless it is more likely than not that such DTAs will be realized.

ASC Topic 740, "Income Taxes" creates a single model to address uncertainty in tax positions, and clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in an enterprise's financial statements. It also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The liability for unrecognized tax benefits is included in other liabilities within the consolidated balance sheets.

See Note 12, "Income Taxes" for additional information.

Stock-Based Compensation: The Corporation grants equity awards to employees, consisting of stock options, restricted stock, RSUs and PSUs under its Employee Equity Plan. In addition, employees may purchase stock under the Corporation's ESPP.

The Corporation also grants equity awards to non-employee members of its board of directors and subsidiary bank board of directors under the Directors' Plan. Under the Directors' Plan, the Corporation can grant equity awards to non-employee holding company and subsidiary bank directors in the form of stock options, restricted stock, RSUs or common stock. Recent grants of equity awards under the Directors' Plan have been limited to RSUs.

Equity awards issued under the Employee Equity Plan are generally granted annually and become fully vested over or after a three-year vesting period. The vesting period for non-performance-based awards represents the period during which employees are required to provide service in exchange for such awards. Equity awards under the Directors' Plan are generally granted annually and become fully vested after a one-year vesting period. Certain events, as defined in the Employee Equity Plan and the Directors' Plan, result in the acceleration of the vesting of equity awards. Restricted stock, RSUs and PSUs earn dividends during the vesting period, which are forfeitable if the awards do not vest.

The fair value of stock options, restricted stock and RSUs granted to employees or directors is recognized as compensation expense over the vesting period for such awards. Compensation expense for PSUs is also recognized over the vesting period, however, compensation expense for PSUs may vary based on the expectations for actual performance relative to defined performance measures.

The fair value of restricted stock, RSUs and a majority of PSUs are based on the trading price of the Corporation's stock on the date of grant. The fair value of certain PSUs are estimated through the use of the Monte Carlo valuation methodology as of the date of grant. See Note 15, "Stock-Based Compensation Plans" for additional information. The Corporation has not issued stock options since 2014 and accordingly, there is no compensation expense for this instrument.

Disclosures about Segments of an Enterprise and Related Information: The Corporation does not have any operating segments which require disclosure of additional information.

Financial Guarantees: Financial guarantees, which consist primarily of standby and commercial letters of credit, are accounted for by recognizing a liability equal to the fair value of the guarantees and crediting the liability to income over the term of the guarantee. Fair value is estimated based on the fees currently charged to enter into similar agreements with similar terms.

Goodwill and Intangible Assets: The Corporation accounts for its acquisitions using the purchase accounting method. Purchase accounting requires that all assets acquired and liabilities assumed, including certain intangible assets that must be recognized, be recorded at their estimated fair values as of the acquisition date. Any purchase price exceeding the fair value of net assets acquired is recorded as goodwill.

Goodwill is not amortized to expense, but is evaluated for impairment at least annually. Write-downs of the balance, if necessary as a result of the impairment test, are charged to expense in the period in which goodwill is determined to be impaired. The Corporation performs its annual assessment of goodwill impairment in the fourth quarter of each year. If certain events occur which indicate goodwill might be impaired between annual assessments, goodwill would be evaluated when such events occur.

Intangible assets are amortized over their estimated lives. Some intangible assets have indefinite lives and are, therefore, not amortized. All intangible assets must be evaluated for impairment if certain events occur. Any impairment write-downs are recognized as non-interest expense on the consolidated statements of income. See "Note 6 - Goodwill and Intangible Assets," for additional details.

Variable Interest Entities ("VIEs"): ASC Topic 810 provides guidance on when to consolidate certain VIEs in the financial statements of the Corporation. VIEs are entities in which equity investors do not have a controlling financial interest or do not have sufficient equity at risk for the entity to finance activities without additional financial support from other parties. VIEs are assessed for consolidation under ASC Topic 810 when the Corporation holds variable interests in these entities. The Corporation consolidates VIEs when it is deemed to be the primary beneficiary. The primary beneficiary of a VIE is determined to be the party that has the power to make decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE.

Subsidiary Trusts

The Parent Company owns all of the common stock of three subsidiary trusts, which have issued securities (TruPS) in conjunction with the Parent Company issuing junior subordinated deferrable interest debentures to the trusts. The terms of the junior subordinated deferrable interest debentures are the same as the terms of the TruPS. The Parent Company’s obligations under the debentures constitute a full and unconditional guarantee by the Parent Company of the obligations of the trusts. The provisions of ASC Topic 810 related to subsidiary trusts, as interpreted by the SEC, disallow consolidation of subsidiary trusts in the financial statements of the Corporation. As a result, TruPS are not included on the Corporation’s consolidated balance sheets. The junior subordinated debentures issued by the Parent Company to the subsidiary trusts, which have the same total balance and rate as the combined equity securities and TruPS issued by the subsidiary trusts, remain in long-term borrowings. See "Note 9 - Short-Term and Long-Term Borrowings" for additional information.

Tax Credit Investments

The Corporation makes investments in certain community development projects, the majority of which generate tax credits under various federal programs, including qualified affordable housing projects, NMTC projects and historic rehabilitation projects (collectively, TCIs). These investments are made throughout the Corporation's market area as a means of supporting the communities it serves. The Corporation typically acts as a limited partner or member of a limited liability company in its TCIs and does not exert control over the operating or financial policies of the partnership or limited liability company. Tax credits earned are subject to recapture by federal taxing authorities based upon compliance requirements to be met at the project level.

Because the Corporation owns 100% of the equity interests in its NMTC, these investments were consolidated based on ASC Topic 810 as of December 31, 2021 and 2020. Investments in affordable housing projects were not consolidated based on management's assessment of the provisions of ASC Topic 810.

TCIs are tested for impairment when events or changes in circumstances indicate that it is more likely than not that the carrying amount of the investment will not be realized. An impairment loss is measured as the amount by which the current carrying value exceeds its aggregated remaining value of the tax benefits of the investment. There were no impairment losses recognized for the Corporation’s TCIs in 2021, 2020 or 2019. For additional details, see "Note 12 - Income Taxes."

Fair Value Measurements: Assets and liabilities are categorized in a fair value hierarchy for the inputs to valuation techniques used to measure assets and liabilities at fair value using the following three categories (from highest to lowest priority):

- Level 1 - Inputs that represent quoted prices for identical instruments in active markets.
- Level 2 - Inputs that represent quoted prices for similar instruments in active markets, or quoted prices for identical instruments in non-active markets. Also included are valuation techniques whose inputs are derived principally from observable market data other than quoted prices, such as interest rates or other market-corroborated means.
- Level 3 - Inputs that are largely unobservable, as little or no market data exists for the instrument being valued.

The Corporation has categorized all assets and liabilities required to be measured at fair value on both a recurring and nonrecurring basis into the above three levels. See "Note 19 - Fair Value Measurements" for additional details.

Revenue Recognition: The sources of revenue for the Corporation are interest income from loans, leases and investments and non-interest income. Non-interest income is earned from various banking and financial services that the Corporation offers through its subsidiaries. Revenue is recognized as earned based on contractual terms, as transactions occur, or as services are provided. Following is further detail of the various types of revenue the Corporation earns and when it is recognized:

Interest income: Interest income is recognized on an accrual basis according to loan and lease agreements, investment securities contracts or other such written contracts.

Wealth management services: Consists of income from trust commissions, brokerage, money market and insurance commissions. Trust commissions consists of advisory fees that are based on market values of clients' managed portfolios and transaction fees for fiduciary services performed, both of which are recognized when earned. Brokerage includes advisory fees which are recognized when earned on a monthly basis and transaction fees that are recognized when transactions occur. Money market is based on the balances held in trust accounts and is recognized monthly. Insurance commissions are earned and recognized when policies are originated. Currently, no investment management and trust service income is based on performance or investment results.

Commercial and consumer banking income: Consists of cash management, overdraft, non-sufficient fund fees and other service charges on deposit accounts as well as branch fees, automated teller machine fees, debit and credit card income and merchant services fees. Also included are letter of credit fees, foreign exchange income and interest rate swap fees. Revenue is primarily transactional and recognized when earned, at the time the transactions occur.

Mortgage banking income: Consists of gains or losses on the sale of residential mortgage loans and mortgage loan servicing income.

Other Income: Includes gains on sales of SBA loans, cash surrender value of life insurance, and other miscellaneous income.

Leases: All leases with an initial term greater than twelve months recognize: (1) a ROU asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term; and (2) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, each measured on a discounted basis. The Corporation elected to not separate lease and non-lease components.

As a lessee, the majority of the operating lease portfolio consists of real estate leases for the Corporation's financial centers, land and office space. The operating leases have remaining lease terms of 1 year to 20 years, some of which include options to extend the leases for 5 years or more. ROU assets and lease liabilities are not recognized for leases with an initial term of 12 months or less.

Certain real estate leases have lease payments that adjust based on annual changes in the CPI. The leases that are dependent upon CPI are initially measured using the index or rate at the commencement date and are included in the measurement of the lease liability.

Operating lease expense represents fixed lease payments for operating leases recognized on a straight-line basis over the applicable lease term. Variable lease expense represents expenses such as the payment of real estate taxes, insurance and common area maintenance based on the Corporation's pro-rata share.

Sublease income consists mostly of operating leases for space within the Corporation's offices and financial centers and is recorded as a reduction to net occupancy expense on the consolidated statements of income. See "Note 17 - Leases" for additional information.

Defined Benefit Pension Plan: Net periodic pension costs are funded based on the requirements of federal laws and regulations. The determination of net periodic pension costs is based on assumptions about future events that will affect the amount and timing of required benefit payments under the plan. These assumptions include demographic assumptions such as retirement age and mortality, a discount rate used to determine the current benefit obligation, form of payment election and a long-term expected rate of return on plan assets. Net periodic pension expense includes interest cost, based on the assumed discount rate, an expected return on plan assets, amortization of prior service cost or credit and amortization of net actuarial gains or losses. For the Corporation, there is no service cost as the plan was curtailed in 2008, with no additional benefits accruing. Net periodic pension cost is recognized in salaries and employee benefits on the consolidated statements of income. For additional details, see "Note 16 - Employee Benefit Plans."

Other Recently Adopted Accounting Standards

On January 1, 2021, the Corporation adopted ASC Update 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The Corporation adopted this standards update effective with its March 31, 2021 quarterly report on Form 10-Q and it did not have a material impact on the consolidated financial statements.

On January 1, 2021, the Corporation adopted ASC Update 2021-01 Reference Rate Reform (Topic 848). This update permits entities to apply optional expedients in Topic 848 to derivative instruments modified because of LIBOR transition affected by changes to the interest rates used for discounting, margining or contract price alignment due to reference rate reform. This update was effective upon issuance, and entities may elect to apply the guidance to modifications either retrospectively, as of any date from the beginning of any interim period that includes or is subsequent to March 12, 2020, or prospectively to new modifications from any date in an interim period that includes or is subsequent to January 7, 2021. The Corporation adopted this standards update retrospectively effective with its March 31, 2021 quarterly report on Form 10-Q and such adoption did not have a material impact on the consolidated financial statements.

On March 1, 2021, the Corporation adopted ASC Update 2018-14 Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20). The Corporation adopted this standards update effective with its March 31, 2021 quarterly report on Form 10-Q and such adoption did not have a material impact on the consolidated financial statements.

Reclassifications

Certain amounts in the 2020 consolidated financial statements and notes have been reclassified to conform to the 2021 presentation.

NOTE 2 – RESTRICTIONS ON CASH AND CASH EQUIVALENTS

The Bank is required to maintain reserves against its deposit liabilities. Prior to March 2020, reserves were in the form of cash and balances with the FRB. The FRB suspended cash reserve requirements effective March 26, 2020.

In addition, collateral is posted by the Corporation with counterparties to secure derivative and other contracts, which is included in "interest-bearing deposits with other banks". On the consolidated balance sheets, the amounts of such collateral as of December 31, 2021 and 2020 were $202.8 million and $408.1 million, respectively.

NOTE 3 – INVESTMENT SECURITIES

The following tables present the amortized cost and estimated fair values of investment securities, as of December 31:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
2021				
Available for Sale				
U.S. Government securities	**$ 127,831**	**$ —**	**$ (213)**	**$ 127,618**
State and municipal securities	**1,139,187**	**50,161**	**(678)**	**1,188,670**
Corporate debt securities	**373,482**	**13,009**	**(358)**	**386,133**
Collateralized mortgage obligations	**206,532**	**3,581**	**(754)**	**209,359**
Residential mortgage-backed securities	**231,607**	**1,224**	**(3,036)**	**229,795**
Commercial mortgage-backed securities	**974,541**	**6,141**	**(9,534)**	**971,148**
Auction rate securities	**76,350**	**—**	**(1,683)**	**74,667**
Total	**$ 3,129,530**	**$ 74,116**	**$ (16,256)**	**$ 3,187,390**
Held to Maturity				
Residential mortgage-backed securities	**$ 404,958**	**$ 11,022**	**$ (7,067)**	**$ 408,913**
Commercial mortgage-backed securities	**575,426**	**—**	**(18,472)**	**556,954**
Total	**$ 980,384**	**$ 11,022**	**$ (25,539)**	**$ 965,867**
2020				
Available for Sale				
State and municipal securities	$ 891,327	$ 61,286	$ —	$ 952,613
Corporate debt securities	348,391	19,445	(691)	367,145
Collateralized mortgage obligations	491,321	12,560	(115)	503,766
Residential mortgage-backed securities	373,779	4,246	(27)	377,998
Commercial mortgage-backed securities	741,172	22,384	(1,141)	762,415
Auction rate securities	101,510	—	(3,304)	98,206
Total	$ 2,947,500	$ 119,921	$ (5,278)	$ 3,062,143
Held to Maturity				
Residential mortgage-backed securities	$ 278,281	$ 18,576	$ —	$ 296,857

On July 1, 2019, the Corporation transferred state and municipal securities from the HTM classification to the AFS classification as permitted through the early adoption of ASU 2019-04, as disclosed in "Note 1 - Summary of Significant Accounting Policies." The amortized cost of the securities transferred was $158.9 million, and the estimated fair value was $168.5 million. The Corporation has the positive intent and ability to hold the remainder of the HTM portfolio, consisting of residential mortgage-backed securities, to maturity.

Securities carried at $2,502.1 million at December 31, 2021 and $520.5 million at December 31, 2020, were pledged as collateral to secure public and trust deposits.

The amortized cost and estimated fair values of debt securities as of December 31, 2021, by contractual maturity, are shown in the following table. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(in thousands)			
Due in one year or less	$ 9,053	$ 9,175	$ —	$ —
Due from one year to five years	163,249	163,924	—	—
Due from five years to ten years	391,040	405,782	—	—
Due after ten years	1,153,508	1,198,207	—	—
	1,716,850	1,777,088	—	—
Residential mortgage-backed securities [(1)]	231,607	229,795	404,958	408,913
Commercial mortgage-backed securities [(1)]	974,541	971,148	575,426	556,954
Collateralized mortgage obligations [(1)]	206,532	209,359	—	—
Total	$ 3,129,530	$ 3,187,390	$ 980,384	$ 965,867

(1) Maturities for mortgage-backed securities and collateralized mortgage obligations are dependent upon the interest rate environment and prepayments on the underlying loans.

The following table presents information related to gross gains and losses on the sales of securities:

	Gross Realized Gains	Gross Realized Losses	Net Gains
		(in thousands)	
2021	**$ 35,593**	**$ (2,077)**	**$ 33,516**
2020	6,545	(3,492)	3,053
2019	11,554	(6,821)	4,733

During 2021, the Corporation completed a balance sheet restructuring that included a $34.0 million gain on the sale of Visa Shares, offset by net losses on other securities of $0.4 million, primarily in connection with the sale of $24.6 million of ARCs.

During 2020, the Corporation completed a balance sheet restructuring that included the sale of investment securities, with an amortized cost of $79.0 million and an estimated fair value of $82.0 million, resulting in net investment securities gains of $3.0 million. Offsetting these gains were $2.9 million of prepayment penalties recorded in non-interest expense for the redemption of FHLB advances.

The following tables present the gross unrealized losses and estimated fair values of investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31:

	Less Than 12 months			12 Months or Longer			Total	
	Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
2021				(dollars in thousands)				
Available for Sale								
U.S. Government securities	**2**	**$ 127,618**	**$ (213)**	**—**	**$ —**	**$ —**	**$ 127,618**	**$ (213)**
State and municipal securities	**29**	**82,731**	**(678)**	**—**	**—**	**—**	**82,731**	**(678)**
Corporate debt securities	**6**	**43,068**	**(358)**	**—**	**—**	**—**	**43,068**	**(358)**
Collateralized mortgage obligations	**4**	**28,517**	**(754)**	**—**	**—**	**—**	**28,517**	**(754)**
Residential mortgage-backed securities	**7**	**123,687**	**(2,388)**	**1**	**16,669**	**(648)**	**140,356**	**(3,036)**
Commercial mortgage-backed securities	**41**	**512,312**	**(9,534)**	**—**	**—**	**—**	**512,312**	**(9,534)**
Auction rate securities	**—**	**—**	**—**	**118**	**74,667**	**(1,683)**	**74,667**	**(1,683)**
Total available for sale	**89**	**$ 917,933**	**$ (13,925)**	**119**	**$ 91,336**	**$ (2,331)**	**$1,009,269**	**$ (16,256)**
Held to Maturity								
Residential mortgage-backed securities	**14**	**$ 205,969**	**$ (7,067)**	**—**	**$ —**	**$ —**	**$ 205,969**	**$ (7,067)**
Commercial mortgage-backed securities	**36**	**556,954**	**(18,472)**	**—**	**—**	**—**	**556,954**	**(18,472)**
Total	**50**	**$ 762,923**	**$ (25,539)**	**—**	**$ —**	**$ —**	**$ 762,923**	**$ (25,539)**

	Less Than 12 months			12 Months or Longer			Total	
	Number of Securities	Estimated Fair Value	Unrealized Losses	Number of Securities	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
2020								
Available for Sale								
Corporate debt securities	9	$ 44,528	$ (377)	1	$ 6,871	$ (314)	$ 51,399	$ (691)
Collateralized mortgage obligations	3	57,601	(115)	—	—	—	57,601	(115)
Residential mortgage-backed securities	1	20,124	(27)	—	—	—	20,124	(27)
Commercial mortgage-backed securities	9	144,383	(1,141)	—	—	—	144,383	(1,141)
Auction rate securities	—	—	—	162	98,206	(3,304)	98,206	(3,304)
Total available for sale	22	$ 266,636	$ (1,660)	163	$ 105,077	$ (3,618)	$ 371,713	$ (5,278)

No held to maturity securities were in an unrealized loss position as of December 31, 2020.

The Corporation's collateralized mortgage obligations and mortgage-backed securities have contractual terms that generally do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. The change in fair value of these securities is attributable to changes in interest rates and not credit quality. The Corporation does not have the intent to sell and does not believe it will more likely than not be required to sell any of these securities prior to a recovery of their fair value to amortized cost. Therefore, the Corporation does not have an ACL for these investments as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, all ARCs and corporate debt securities were rated above investment grade. All of the loans underlying the ARCs have principal payments which are guaranteed by the federal government. Based on the payment status, rating and management's evaluation of these securities, no ACL was required for ARCs or corporate debt securities as of December 31, 2021 and 2020.

NOTE 4 – Loans and Allowance for Credit Losses

Loans and leases, net of unearned income

Loans and leases, net of unearned income are summarized as follows as of December 31:

	2021	2020
	(in thousands)	
Real estate - commercial mortgage	**$ 7,279,080**	$ 7,105,092
Commercial and industrial [1]	**4,208,327**	5,670,828
Real-estate - residential mortgage	**3,846,750**	3,141,915
Real-estate - home equity	**1,118,248**	1,202,913
Real-estate - construction	**1,139,779**	1,047,218
Consumer	**464,657**	466,772
Equipment lease financing and other	**283,557**	284,377
Overdrafts	**1,988**	4,806
Gross loans	**18,342,386**	18,923,921
Unearned income	**(17,036)**	(23,101)
Net Loans	**$ 18,325,350**	$ 18,900,820

(1) Includes PPP loans totaling $0.3 billion and $1.6 billion as of December 31, 2021 and 2020 respectively.

The Corporation has extended credit to officers and directors of the Corporation and to their associates. These related-party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collection or present other unfavorable features. The aggregate dollar amount of these loans, including unadvanced commitments, was $129.6 million and $162.5 million as of December 31, 2021 and 2020, respectively. During 2021, additions totaled $52.8 million and repayments totaled $85.7 million for related-party loans.

Allowance for Credit Losses

The ACL related to loans consists of loans evaluated collectively and individually for expected credit losses. The ACL related to loans represents an estimate of expected credit losses over the expected life of the loans as of the balance sheet date and is recorded as a reduction to Net Loans. The ACL for OBS credit exposures includes estimated losses on unfunded loan commitments, letters of credit and other OBS credit exposures. The total ACL is increased by charges to expense, through the provision for credit losses, and decreased by charge-offs, net of recoveries.

The following table presents the components of the ACL:

	2021	2020
	(in thousands)	
ACL - loans	**$ 249,001**	$ 277,567
ACL - OBS credit exposure	**14,533**	14,373
Total ACL	**$ 263,534**	$ 291,940

The following table presents the activity in the ACL for the years ended December 31:

	2021	2020	2019
		(in thousands)	
Balance at beginning of period	**$ 291,940**	$ 166,209	$ 169,410
Impact of adopting CECL on January 1, 2020 [(1)]	**—**	58,348	—
Loans charged off	**(30,952)**	(30,557)	(53,189)
Recoveries of loans previously charged off	**17,146**	21,020	17,163
Net loans charged off	**(13,806)**	(9,537)	(36,026)
Provision for credit losses [(2)]	**(14,600)**	76,920	32,825
Balance at the end of the period [(3)]	**$ 263,534**	$ 291,940	$ 166,209

(1) Includes $12.6 million of reserves for OBS credit exposures as of January 1, 2020.
(2) Includes $0.2 million, $(0.8) million and $(6.3) million related to OBS credit exposures for the years ended December 31, 2021, 2020 and 2019, respectively.
(3) Includes $14.5 million, $14.4 million and $2.6 million of reserves for OBS credit exposures as of December 31, 2021, 2020 and 2019, respectively.

The following tables present the activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2021 and 2020, by portfolio segment:

	Real Estate - Commercial Mortgage	Commercial and Industrial	Real Estate - Home Equity	Real Estate - Residential Mortgage	Real Estate - Construction	Consumer	Equipment Finance Leasing and Other	Total
				(in thousands)				
Balance at December 31, 2019	$ 45,610	$ 68,602	$ 17,744	$ 19,771	$ 4,443	$ 3,762	$ 3,690	$ 163,622
Impact of adopting CECL on January 1, 2020	29,361	(18,576)	(65)	21,235	4,015	5,969	3,784	45,723
Loans charged off	(4,225)	(18,915)	(1,193)	(620)	(17)	(3,400)	(2,187)	(30,557)
Recoveries of loans previously charged off	1,027	11,396	504	491	5,122	1,875	605	21,020
Net loans recovered (charged off)	(3,198)	(7,519)	(689)	(129)	5,105	(1,525)	(1,582)	(9,537)
Provision for loan losses [(1)]	31,652	32,264	(2,758)	11,118	2,045	2,699	739	77,759
Balance at December 31, 2020	**103,425**	**74,771**	**14,232**	**51,995**	**15,608**	**10,905**	**6,631**	**277,567**
Loans charged off	**(8,726)**	**(15,337)**	**(676)**	**(1,290)**	**(39)**	**(2,633)**	**(2,251)**	**(30,952)**
Recoveries of loans previously charged off	**2,474**	**9,587**	**248**	**375**	**1,412**	**2,097**	**953**	**17,146**
Net loans recovered (charged off)	**(6,252)**	**(5,750)**	**(428)**	**(915)**	**1,373**	**(536)**	**(1,298)**	**(13,806)**
Provision for loan losses[(1)]	**(9,203)**	**(1,965)**	**(2,595)**	**3,156**	**(4,040)**	**(1,829)**	**1,716**	**(14,760)**
Balance at December 31, 2021	**$ 87,970**	**$ 67,056**	**$ 11,209**	**$ 54,236**	**$ 12,941**	**$ 8,540**	**$ 7,049**	**$ 249,001**

(1) Provision included in the table only includes the portion related to Net Loans

The ACL includes qualitative adjustments, as appropriate, intended to capture the impact of uncertainties not reflected in the quantitative models. Qualitative adjustments include and consider changes in national, regional and local economic and business conditions, an assessment of the lending environment, including underwriting standards and other factors affecting credit quality. Qualitative adjustments increased during 2020, primarily as a result of uncertainties related to the economic impact of COVID-19, including consideration for the future performance of loans that received deferrals or forbearances as a result of COVID-19 and the impact COVID-19 had on certain industries where the quantitative models were not fully capturing the appropriate level of risk. The impact from qualitative adjustments on the ACL decreased in 2021 with the improvement in economic conditions.

Non-accrual Loans

All loans individually evaluated for impairment are measured for losses on a quarterly basis. As of December 31, 2021 and 2020, substantially all of the Corporation's individually evaluated loans with total commitments greater than or equal to $1.0 million were measured based on the estimated fair value of each loan's collateral, if any. Collateral could be in the form of real estate, in the case of commercial mortgages and construction loans, or business assets, such as accounts receivable or inventory, in the case of commercial and industrial loans. Commercial and industrial loans may also be secured by real estate.

As of December 31, 2021 and 2020, approximately 98% and 83%, respectively, of loans evaluated individually for impairment with principal balances greater than or equal to $1.0 million, whose primary collateral is real estate, were measured at estimated fair value using appraisals performed by state certified third-party appraisers that had been updated in the preceding 12 months.

The following table presents total non-accrual loans, by class segment:

	2021			2020		
	With a Related Allowance	Without a Related Allowance	Total	With a Related Allowance	Without a Related Allowance	Total
	(in thousands)					
Real estate - commercial mortgage	**$ 20,564**	**$ 32,251**	**$ 52,815**	$ 19,909	$ 31,561	$ 51,470
Commercial and industrial	**12,571**	**17,570**	**30,141**	13,937	18,056	31,993
Real estate - residential mortgage	**35,269**	**—**	**35,269**	24,590	1,517	26,107
Real estate - home equity	**8,671**	**—**	**8,671**	9,398	190	9,588
Real estate - construction	**173**	**728**	**901**	437	958	1,395
Consumer	**229**	**—**	**229**	332	—	332
Equipment lease financing and other	**6,247**	**9,393**	**15,640**	—	16,313	16,313
Total	**$ 83,724**	**$ 59,942**	**$ 143,666**	$ 68,603	$ 68,595	$ 137,198

As of December 31, 2021, there were $59.9 million of non-accrual loans that did not have a related allowance for credit losses. The estimated fair values of the collateral securing these loans exceeded their carrying amount, or the loans were previously charged down to realizable collateral values. Accordingly, no specific valuation allowance was considered to be necessary. The amount of interest income on non-accrual loans that was recognized was approximately $1.3 million in 2021 and $0.3 million in 2020.

Asset Quality

Maintaining an appropriate ACL is dependent on various factors, including the ability to identify potential problem loans in a timely manner. For commercial construction, residential construction, commercial and industrial, and commercial real estate, an internal risk rating process is used. The Corporation believes that internal risk ratings are the most relevant credit quality indicator for these types of loans. The migration of loans through the various internal risk categories is a significant component of the ACL methodology for these loans, under both the CECL and incurred loss models, which bases the probability of default on this migration. Assigning risk ratings involves judgment. The Corporation's loan review officers provide a separate assessment of risk rating accuracy. Risk ratings may be changed based on the ongoing monitoring procedures performed by loan officers or credit administration staff, or if specific loan review assessments identify a deterioration or an improvement in the loans.

The following table summarizes designated internal risk categories by portfolio segment and loan class, by origination year, in the current period:

	December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year (dollars in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans converted to Term Loans Amortized Cost Basis	Total
	2021	2020	2019	2018	2017	Prior			
Real estate - construction [(1)]									
Pass	$ 190,030	$ 315,811	$ 113,245	$ 83,886	$ 17,545	$ 117,157	$ 46,409	$ —	$ 884,083
Special Mention	5,843	775	9,984	20,200	15,724	6,315	—	—	58,841
Substandard or Lower	—	—	—	—	1,912	4,185	227	—	6,324
Total real estate - construction	195,873	316,586	123,229	104,086	35,181	127,657	46,636	—	949,248
Real estate - construction [(1)]									
Current period gross charge-offs	—	—	(39)	—	—	—	—	—	(39)
Current period recoveries	—	—	39	—	—	1,373	—	—	1,412
Total net (charge-offs) recoveries	—	—	—	—	—	1,373	—	—	1,373
Commercial and industrial [(2)]									
Pass	855,924	520,802	396,575	232,805	147,675	581,762	1,177,857	339	3,913,739
Special Mention	5,386	8,538	33,937	8,301	10,346	23,380	52,386	95	142,369
Substandard or Lower	1,225	9,775	19,393	24,327	11,912	34,825	49,562	1,200	152,219
Total commercial and industrial	862,535	539,115	449,905	265,433	169,933	639,967	1,279,805	1,634	4,208,327
Commercial and industrial									
Current period gross charge-offs	(2,977)	(406)	(4,966)	(208)	(286)	(800)	(5,694)	—	(15,337)
Current period recoveries	6	39	4,691	841	457	2,342	1,211	—	9,587
Total net (charge-offs) recoveries	(2,971)	(367)	(275)	633	171	1,542	(4,483)	—	(5,750)
Real estate - commercial mortgage									
Pass	1,086,113	899,172	826,866	624,653	712,223	2,356,308	55,370	—	6,560,705
Special Mention	1,317	60,732	96,508	25,280	33,595	169,732	115	—	387,279
Substandard or Lower	1,537	8,516	28,810	68,818	69,793	151,450	684	1,488	331,096
Total real estate - commercial mortgage	1,088,967	968,420	952,184	718,751	815,611	2,677,490	56,169	1,488	7,279,080
Real estate - commercial mortgage									
Current period gross charge-offs	—	—	(14)	(25)	(6,972)	(1,517)	(198)	—	(8,726)
Current period recoveries	—	—	—	—	983	1,491	—	—	2,474
Total net (charge-offs) recoveries	—	—	(14)	(25)	(5,989)	(26)	(198)	—	(6,252)
Total									
Pass	$2,132,067	$ 1,735,785	$ 1,336,686	$ 941,344	$ 877,443	$ 3,055,227	$ 1,279,636	$ 339	$ 11,358,527
Special Mention	12,546	70,045	140,429	53,781	59,665	199,427	52,501	95	588,489
Substandard or Lower	2,762	18,291	48,203	93,145	83,617	190,460	50,473	2,688	489,639
Total	$2,147,375	$ 1,824,121	$ 1,525,318	$ 1,088,270	$ 1,020,725	$ 3,445,114	$ 1,382,610	$ 3,122	$ 12,436,655

(1) Excludes real estate - construction - other.
(2) Loans originated in 2021 include $0.3 million of PPP loans that were assigned a rating of Pass based on the existence of a federal government guaranty through the SBA.

The following table summarizes designated internal risk rating categories by portfolio segment and loan class, by origination year, in the prior period:

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans converted to Term Loans	
	(dollars in thousands)						Amortized	Amortized	
	2020	2019	2018	2017	2016	Prior	Cost Basis	Cost Basis	Total
Real estate - construction [1]									
Pass	$ 185,883	$ 229,097	$ 217,604	$ 81,086	$ 37,976	$ 110,470	$ 38,026	$ —	$ 900,142
Special Mention	—	—	—	—	7,047	6,212	—	—	13,259
Substandard or Lower	—	447	—	2,000	753	1,637	632	—	5,469
Total real estate - construction	185,883	229,544	217,604	83,086	45,776	118,319	38,658	—	918,870
Real estate - construction [1]									
Current period gross charge-offs	—	—	—	—	—	(17)	—	—	(17)
Current period recoveries	—	—	—	—	68	5,054	—	—	5,122
Total net (charge-offs) recoveries	—	—	—	—	68	5,037	—	—	5,105
Commercial and industrial [2]									
Pass	2,283,533	508,541	298,567	214,089	208,549	596,646	1,278,689	—	5,388,614
Special Mention	6,633	23,834	29,167	10,945	11,506	25,960	45,994	—	154,039
Substandard or Lower	3,221	5,947	8,434	11,251	11,192	23,852	64,278	—	128,175
Total commercial and industrial	2,293,387	538,322	336,168	236,285	231,247	646,458	1,388,961	—	5,670,828
Commercial and industrial									
Current period gross charge-offs	—	(114)	(30)	(488)	(393)	(520)	(17,370)	—	(18,915)
Current period recoveries	—	43	486	216	162	4,531	5,958	—	11,396
Total net (charge-offs) recoveries	—	(71)	456	(272)	(231)	4,011	(11,412)	—	(7,519)
Real estate - commercial mortgage									
Pass	973,664	917,510	708,946	794,955	783,094	2,213,343	53,041	404	6,444,957
Special Mention	13,639	40,874	84,047	80,705	89,112	167,424	2,364	—	478,165
Substandard or Lower	1,238	6,681	6,247	39,027	22,605	103,007	2,225	940	181,970
Total real estate - commercial mortgage	988,541	965,065	799,240	914,687	894,811	2,483,774	57,630	1,344	7,105,092
Real estate - commercial mortgage									
Current period gross charge-offs	(60)	(21)	(36)	(2,515)	(29)	(1,547)	(17)	—	(4,225)
Current period recoveries	—	6	—	—	1	1,020	—	—	1,027
Total net (charge-offs) recoveries	**(60)**	(15)	(36)	(2,515)	(28)	(527)	(17)	—	(3,198)
Total									
Pass	$ 3,443,080	$ 1,655,148	$ 1,225,117	$ 1,090,130	$ 1,029,619	$ 2,920,459	$ 1,369,756	$ 404	$ 12,733,713
Special Mention	20,272	64,708	113,214	91,650	107,665	199,596	48,358	—	645,463
Substandard or Lower	4,459	13,075	14,681	52,278	34,550	128,496	67,135	940	315,614
Total	$ 3,467,811	$ 1,732,931	$ 1,353,012	$ 1,234,058	$ 1,171,834	$ 3,248,551	$ 1,485,249	$ 1,344	$ 13,694,790

[1] Excludes real estate - construction - other.
[2] Loans originated in 2020 include $1.6 million of PPP loans that were assigned a rating of Pass based on the existence of a federal government guaranty through the SBA.

The Corporation considers the performance of the loan portfolio and its impact on the ACL. The Corporation does not assign internal risk ratings to smaller balance, homogeneous loans, such as home equity, residential mortgage, construction loans to individuals secured by residential real estate, consumer and equipment lease financing. For these loans, the most relevant credit quality indicator is delinquency status and the Corporation evaluates credit quality based on the aging status of the loan. The following table presents the amortized cost of these loans based on payment activity, by origination year, for the current period:

	December 31, 2021								
	Term Loans Amortized Cost Basis by Origination Year (dollars in thousands)						Revolving Loans Amortized Cost Basis	Revolving Loans converted to Term Loans Amortized Cost Basis	
	2021	2020	2019	2018	2017	Prior			Total
Real estate - home equity									
Performing	$ 32,682	$ 23,478	$ 7,024	$ 9,255	$ 7,415	$ 92,983	$ 930,289	$ 3,999	$ 1,107,125
Non-performing	—	—	—	15	282	2,145	8,483	198	11,123
Total real estate - home equity	32,682	23,478	7,024	9,270	7,697	95,128	938,772	4,197	1,118,248
Real estate - home equity									
Current period gross charge-offs	—	—	(41)	—	—	(171)	(464)	—	(676)
Current period recoveries	—	—	—	—	—	96	152	—	248
Total net (charge-offs) recoveries	—	—	(41)	—	—	(75)	(312)	—	(428)
Real estate - residential mortgage									
Performing	1,548,174	1,133,602	344,625	113,801	198,164	468,842	—	—	3,807,208
Non-performing	—	6,753	2,189	3,424	2,844	24,332	—	—	39,542
Total real estate - residential mortgage	1,548,174	1,140,355	346,814	117,225	201,008	493,174	—	—	3,846,750
Real estate - residential mortgage									
Current period gross charge-offs	—	(626)	(148)	(125)	(4)	(387)	—	—	(1,290)
Current period recoveries	—	—	1	18	—	264	92	—	375
Total net (charge-offs) recoveries	—	(626)	(147)	(107)	(4)	(123)	92	—	(915)
Consumer									
Performing	129,759	79,440	66,745	59,309	25,839	42,429	60,553	—	464,074
Non-performing	122	101	60	36	32	203	29	—	583
Total consumer	129,881	79,541	66,805	59,345	25,871	42,632	60,582	—	464,657
Consumer									
Current period gross charge-offs	(175)	(491)	(455)	(238)	(224)	(240)	(810)	—	(2,633)
Current period recoveries	—	223	131	131	167	952	493	—	2,097
Total net (charge-offs) recoveries	(175)	(268)	(324)	(107)	(57)	712	(317)	—	(536)
Equipment lease financing and other									
Performing	97,077	65,316	49,591	34,107	22,444	1,369	—	—	269,904
Non-performing	—	—	—	—	15,503	138	—	—	15,641
Total leasing and other	97,077	65,316	49,591	34,107	37,947	1,507	—	—	285,545
Equipment lease financing and other									
Current period gross charge-offs	(975)	(1,276)	—	—	—	—	—	—	(2,251)
Current period recoveries	255	539	88	10	18	43	—	—	953
Total net (charge-offs) recoveries	(720)	(737)	88	10	18	43	—	—	(1,298)
Construction - other									
Performing	144,652	40,040	638	5,028	—	—	—	—	190,358
Non-performing	—	—	—	—	173	—	—	—	173
Total construction - other	144,652	40,040	638	5,028	173	—	—	—	190,531
Construction - other									
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Current period recoveries	—	—	—	—	—	—	—	—	—
Total net (charge-offs) recoveries	—	—	—	—	—	—	—	—	—
Total									
Performing	$ 1,952,344	$ 1,341,876	$ 468,623	$ 221,500	$ 253,862	$ 605,623	$ 990,842	$ 3,999	$ 5,838,669
Non-performing	122	6,854	2,249	3,475	18,834	26,818	8,512	198	67,062
Total	$ 1,952,466	$ 1,348,730	$ 470,872	$ 224,975	$ 272,696	$ 632,441	$ 999,354	$ 4,197	$ 5,905,731

	December 31, 2020								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans converted to Term Loans	
	(dollars in thousands)						Amortized	Amortized	
	2020	2019	2018	2017	2016	Prior	Cost Basis	Cost Basis	Total
Real estate - home equity									
Performing	$ 31,445	$ 8,176	$ 13,906	$ 11,024	$ 11,667	$ 126,749	$ 982,285	$ 5,321	$ 1,190,573
Non-performing	—	88	23	233	221	2,290	9,485	—	12,340
Total real estate - home equity	31,445	8,264	13,929	11,257	11,888	129,039	991,770	5,321	1,202,913
Real estate - home equity									
Current period gross charge-offs	—	—	—	—	—	(34)	(1,159)	—	(1,193)
Current period recoveries	—	—	—	—	—	138	366	—	504
Total net (charge-offs) recoveries	—	—	—	—	—	104	(793)	—	(689)
Real estate - residential mortgage									
Performing	1,255,532	585,878	228,398	341,563	264,990	434,889	—	—	3,111,250
Non-performing	217	2,483	3,177	2,483	722	21,583	—	—	30,665
Total real estate - residential mortgage	1,255,749	588,361	231,575	344,046	265,712	456,472	—	—	3,141,915
Real estate - residential mortgage									
Current period gross charge-offs	—	(68)	(101)	(190)	(7)	(254)	—	—	(620)
Current period recoveries	—	68	16	1	1	405	—	—	491
Total net (charge-offs) recoveries	—	—	(85)	(189)	(6)	151	—	—	(129)
Consumer									
Performing	114,399	98,587	95,072	43,334	25,804	36,086	52,698	42	466,022
Non-performing	168	19	124	141	114	150	34	—	750
Total consumer	114,567	98,606	95,196	43,475	25,918	36,236	52,732	42	466,772
Consumer									
Current period gross charge-offs	(134)	(542)	(524)	(444)	(489)	(769)	(498)	—	(3,400)
Current period recoveries	—	64	165	159	94	101	1,292	—	1,875
Total net (charge-offs) recoveries	(134)	(478)	(359)	(285)	(395)	(668)	794	—	(1,525)
Equipment lease financing and other									
Performing	102,324	65,303	49,453	34,995	15,631	5,040	—	—	272,746
Non-performing	—	—	30	15,983	142	282	—	—	16,437
Total leasing and other	102,324	65,303	49,483	50,978	15,773	5,322	—	—	289,183
Equipment lease financing and other									
Current period gross charge-offs	(606)	(1,581)	—	—	—	—	—	—	(2,187)
Current period recoveries	185	349	21	18	11	21	—	—	605
Total net (charge-offs) recoveries	(421)	(1,232)	21	18	11	21	—	—	(1,582)
Construction - other									
Performing	96,444	24,888	6,822	—	16	—	—	—	128,170
Non-performing	—	—	—	178	—	—	—	—	178
Total construction - other	96,444	24,888	6,822	178	16	—	—	—	128,348
Construction - other									
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Current period recoveries	—	—	—	—	—	—	—	—	—
Total net (charge-offs) recoveries	—	—	—	—	—	—	—	—	—
Total									
Performing	$ 1,600,144	$ 782,832	$ 393,651	$ 430,916	$ 318,108	$ 602,764	$ 1,034,983	$ 5,363	$ 5,168,761
Non-performing	385	2,590	3,354	19,018	1,199	24,305	9,519	—	60,370
Total	$ 1,600,529	$ 785,422	$ 397,005	$ 449,934	$ 319,307	$ 627,069	$ 1,044,502	$ 5,363	$ 5,229,131

The following table presents non-performing assets:

	December 31, 2021	December 31, 2020
	(in thousands)	
Non-accrual loans	**$ 143,666**	$ 137,198
Loans 90 days or more past due and still accruing	**8,453**	9,929
Total non-performing loans	**152,119**	147,127
OREO [(1)]	**1,817**	4,178
Total non-performing assets	**$ 153,936**	$ 151,305

[(1)] Excludes $6.4 million of residential mortgage properties for which formal foreclosure proceedings were in process as of December 31, 2021.

The following tables present the aging of the amortized cost basis of loans, by class segment:

	30-59 Days Past Due	60-89 Days Past Due	≥ 90 Days Past Due and Accruing	Non-Accrual	Current	Total
			(in thousands)			
December 31, 2021						
Real estate – commercial mortgage	**$ 1,089**	**$ 1,750**	**$ 1,229**	**$ 52,815**	**$ 7,222,197**	**$ 7,279,080**
Commercial and industrial	**5,457**	**1,932**	**488**	**30,141**	**4,170,309**	**4,208,327**
Real estate – residential mortgage	**22,957**	**2,920**	**4,130**	**35,269**	**3,781,474**	**3,846,750**
Real estate – home equity	**4,369**	**1,154**	**2,253**	**8,671**	**1,101,801**	**1,118,248**
Real estate – construction	**1,318**	**—**	**—**	**901**	**1,137,560**	**1,139,779**
Consumer	**3,561**	**876**	**353**	**229**	**459,638**	**464,657**
Equipment lease financing and other	**226**	**27**	**—**	**15,640**	**252,616**	**268,509**
Total	**$ 38,977**	**$ 8,659**	**$ 8,453**	**$143,666**	**$18,125,595**	**$18,325,350**

	30-59 Days Past Due	60-89 Days Past Due	≥ 90 Days Past Due and Accruing	Non-accrual	Current	Total
			(in thousands)			
December 31, 2020						
Real estate – commercial mortgage	$ 14,999	$ 9,273	$ 1,177	$ 51,470	$ 7,028,173	$ 7,105,092
Commercial and industrial	11,285	1,068	616	31,993	5,625,866	5,670,828
Real estate – residential mortgage	22,281	7,675	4,687	26,107	3,081,165	3,141,915
Real estate – home equity	5,622	1,654	2,753	9,588	1,183,296	1,202,913
Real estate – construction	1,938	—	155	1,395	1,043,730	1,047,218
Consumer	3,036	501	417	332	462,486	466,772
Equipment lease financing and other	838	150	124	16,313	248,657	266,082
Total	$ 59,999	$ 20,321	$ 9,929	$ 137,198	$ 18,673,373	$ 18,900,820

Collateral-Dependent Loans

A financial asset is considered to be collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For all classes of financial assets deemed collateral-dependent, the Corporation elected the practical expedient to estimate expected credit losses based on the collateral's fair value less cost to sell. In most cases, the Corporation records a partial charge-off to reduce the loan's carrying value to the collateral's fair value less cost to sell. Substantially all of the collateral supporting collateral-dependent financial assets consists of various types of real estate including: residential properties; commercial properties such as retail centers, office buildings, and lodging; agriculture land; and vacant land.

Troubled Debt Restructurings

The following table presents TDRs, by class segment for the years ended December 31:

	2021	2020
	(in thousands)	
Real estate - commercial mortgage	$ 3,464	$ 28,451
Commercial and industrial	1,857	6,982
Real estate - residential mortgage	11,948	18,602
Real estate - home equity	12,218	14,391
Consumer	5	—
Total accruing TDRs	29,492	68,426
Non-accrual TDRs (1)	55,945	35,755
Total TDRs	$ 85,437	$ 104,181

(1) Included within non-accrual loans in the preceding table.

The following table presents TDRs, by class segment, for loans that were modified during the years ended December 31:

	2021		2020		2019	
	Number of Loans	Post-Modification Recorded Investment	Number of Loans	Post-Modification Recorded Investment	Number of Loans	Post-Modification Recorded Investment
			(dollars in thousands)			
Real estate - commercial mortgage	9	$ 16,020	12	$ 24,868	2	$ 263
Commercial and industrial	10	2,823	20	5,218	16	5,378
Real estate - residential mortgage	46	13,256	48	10,493	6	2,252
Real estate - home equity	30	1,226	48	4,359	59	2,706
Real estate - construction	1	154	—	—	—	—
Consumer	—	—	14	345	—	—
Total	96	$ 33,479	142	$ 45,283	83	$ 10,599

Restructured loan modifications may include payment schedule modifications, interest rate concessions, bankruptcies, principal reduction or some combination of these concessions. The restructured loan modifications primarily included maturity date extensions, rate modifications and payment schedule modifications.

In accordance with regulatory guidance, payment schedule modifications granted after March 13, 2020, to borrowers impacted by the effects of COVID-19 pandemic and who are not delinquent at the time of the payment schedule modifications, have been excluded from TDRs. As of December 31, 2021, $38.2 million in recorded investment remain in an active COVID-19 deferral program.

NOTE 5 – PREMISES AND EQUIPMENT

The following is a summary of premises and equipment as of December 31:

	2021	2020
	(in thousands)	
Land	$ 38,494	$ 38,654
Buildings and improvements	346,098	343,604
Furniture and equipment	145,627	165,572
Construction in progress	8,644	5,423
Total premises and equipment	538,863	553,253
Less: Accumulated depreciation and amortization	(318,506)	(321,773)
Net premises and equipment	$ 220,357	$ 231,480

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill totaled $534.3 million and $533.4 million as of December 31, 2021 and 2020, respectively. The increase of $0.9 million was the result of certain acquisitions in 2021. There were no goodwill impairment charges in 2021 based on the annual assessment.

The estimated fair values of the Corporation's reporting units are subject to uncertainty, including future changes in fair values of banks in general and future operating results of reporting units, which could differ significantly from the assumptions used in the current valuation of reporting units.

The follow table summarizes intangible assets, which are included in Goodwill and intangible assets on the consolidated balance sheets:

	2021	**2020**
	(in millions)	
Intangible assets		
Amortizing intangible assets	**$ 5.4**	**$ 4.3**
Accumulated amortization	**(1.6)**	**(1.0)**
Net intangibles	**$ 3.8**	**$ 3.3**

Amortization expense was $589 thousand and $529 thousand for the years ending December 31, 2021 and 2020, respectively.

NOTE 7 – MORTGAGE SERVICING RIGHTS

The following table summarizes the changes in MSRs, which are included in other assets on the consolidated balance sheets, with adjustments to the fair value included in mortgage banking income on the consolidated statements of income:

	2021	2020	2019
		(in thousands)	
Amortized cost:			
Balance at beginning of period	**$ 38,745**	$ 39,267	$ 38,573
Originations of MSRs	**9,216**	12,173	7,546
Amortization	**(11,968)**	(12,695)	(6,852)
Balance at end of period	**$ 35,993**	$ 38,745	$ 39,267
Valuation allowance:			
Balance at beginning of period	**$ (10,500)**	$ —	$ —
Reduction (addition) to valuation allowance	**9,900**	(10,500)	—
Balance at end of period	**$ (600)**	$ (10,500)	$ —
Net MSRs at end of period	**$ 35,393**	$ 28,245	$ 39,267
Estimated fair value of MSRs at end of period	**$ 35,393**	$ 28,245	$ 45,193

MSRs represent the economic value of existing contractual rights to service mortgage loans that have been sold. The total portfolio of mortgage loans serviced by the Corporation for unrelated third parties was $4.3 billion and $4.7 billion as of December 31, 2021 and 2020, respectively. Actual and expected prepayments of the underlying mortgage loans can impact the value of MSRs. The Corporation accounts for MSRs at the lower of amortized cost or fair value.

The fair value of MSRs is estimated by discounting the estimated cash flows from servicing income, net of expense, over the expected life of the underlying loans at a discount rate commensurate with the risk associated with these assets. Expected life is based on the contractual terms of the loans, as adjusted for prepayment projections. The fair values of MSRs were $35.4 million and $28.2 million as of December 31, 2021 and 2020, respectively. Based on its fair value analysis as of December 31, 2021, the Corporation determined that a $0.6 million valuation allowance was required for the year ended December 31, 2021. The valuation allowance was $10,500 and $0 at December 31, 2020 and 2019, respectively.

Total servicing income, recognized as an increase to mortgage banking income in the consolidated statements of income, was $11.2 million, $11.9 million and $12.0 million as of December 31, 2021, 2020 and 2019, respectively.

Total MSR amortization expense, recognized as a reduction to mortgage banking income in the consolidated statements of income, was $12.0 million, $12.7 million and $6.9 million in 2021, 2020 and 2019, respectively. Estimated future MSR amortization expense, based on balances as of December 31, 2021, and the estimated remaining lives of the underlying loans, follows (in thousands):

Year	
2022	$ 6,104
2023	5,665
2024	5,186
2025	4,663
2026	4,095
Thereafter	10,280
Total estimated amortization expense	$ 35,993

NOTE 8 – DEPOSITS

Deposits consisted of the following as of December 31:

	2021	2020
	(in thousands)	
Noninterest-bearing demand	**$ 7,370,963**	$ 6,531,002
Interest-bearing demand	**5,819,539**	5,818,564
Savings and money market accounts	**6,403,995**	5,929,792
Total demand and savings	**19,594,497**	18,279,358
Brokered deposits	**251,526**	335,185
Time deposits	**1,727,476**	2,224,664
Total Deposits	**$ 21,573,499**	$ 20,839,207

The scheduled maturities of time deposits as of December 31, 2021 were as follows (in thousands):

Year	
2022	$ 1,315,785
2023	232,748
2024	71,064
2025	29,367
2026	14,810
Thereafter	63,702
	$ 1,727,476

Included in time deposits were certificates of deposit equal to or greater than $100,000 of $0.7 billion and $1.0 billion as of December 31, 2021 and 2020, respectively. Time deposits of $250,000 or more were $219.0 million and $330.4 million as of December 31, 2021 and 2020, respectively.

NOTE 9 – SHORT-TERM AND LONG-TERM BORROWINGS

Short-term borrowings as of December 31, 2021 and 2020 and the related maximum amounts outstanding at the end of any month in each of the three years then ended are presented below.

	December 31		Maximum Outstanding	
	2021	2020	**2021**	2020
	(in thousands)			
Federal funds purchased	**$ —**	$ —	**$ —**	$ 200,000
Short-term FHLB advances [1]	**—**	—	**—**	980,000
Customer funding [2]	**416,764**	630,066	**552,547**	630,066
Total short-term borrowings	**$ 416,764**	$ 630,066		

[1] Represents FHLB advances with an original maturity term of less than one year.
[2] Includes short-term promissory notes.

As of December 31, 2021, the Corporation had aggregate availability under federal funds lines of $2.1 billion. A combination of commercial real estate loans, commercial loans, consumer loans and investment securities were pledged to the FRB to provide access to FRB discount window borrowings. As of December 31, 2021 and 2020, the Corporation had $0.9 billion and $0.3 billion, respectively, of collateralized borrowing availability at the FRB discount window, and no outstanding borrowings.

FHLB advances with an original maturity of one year or more and long-term borrowings included the following as of December 31:

	2021	2020
	(in thousands)	
FHLB advances	**$ —**	$ 535,973
Subordinated debt	**543,778**	625,000
Senior notes	**65,000**	125,000
Junior subordinated deferrable interest debentures	**16,496**	16,496
Other long-term debt	**939**	507
Unamortized discounts and issuance costs	**(4,868)**	(6,713)
Total long-term borrowings	**$ 621,345**	$ 1,296,263

As of December 31, 2021, the Corporation had additional borrowing capacity of approximately $5.8 billion with the FHLB. Advances from the FHLB are secured by FHLB stock, qualifying residential mortgages, investment securities and other assets.

The following table summarizes the scheduled maturities with an original maturity of one year or more and long-term borrowings as of December 31, 2021 (in thousands):

Year	
2022	$ 65,313
2023	313
2024	169,091
2025	—
2026	—
Thereafter	391,496
Unamortized discounts and issuance costs	(4,868)
	$ 621,345

In March 2020, the Corporation issued $200.0 million and $175.0 million of subordinated notes due in 2030 and 2035, respectively. The subordinated notes maturing in 2030 were issued with a fixed-to-floating rate of 3.25% and an effective rate of 3.35%, due to issuance costs, and the subordinated notes maturing in 2035 were issued with a fixed-to-floating rate of 3.75% and an effective rate of 3.85%, due to issuance costs.

In March 2017, the Corporation issued $125.0 million of senior notes, with a fixed rate of 3.60% and an effective rate of 3.95%, as a result of discounts and issuance costs, which mature on March 16, 2022. Interest is paid semi-annually in September and March. In June 2015, the Corporation issued $150.0 million of subordinated notes, which mature on November 15, 2024 and carry a fixed rate of 4.50% and an effective rate of 4.69% as a result of discounts and issuance costs. Interest is paid semi-annually in May and November. In November 2014, the Corporation issued $100.0 million of subordinated notes, which mature on November 15, 2024 and carry a fixed rate of 4.50% and an effective rate of 4.87% as a result of discounts and issuance costs. Interest is paid semi-annually in May and November.

As of December 31, 2021, the Parent Company owned all of the common stock of three subsidiary trusts, which have issued TruPS in conjunction with the Parent Company issuing junior subordinated deferrable interest debentures to the trusts. The TruPS are redeemable on specified dates, or earlier if certain events arise.

The following table provides details of the debentures as of December 31, 2021 (dollars in thousands):

Debentures Issued to	Fixed/ Variable	Interest Rate	Amount	Maturity	Callable	Call Price
Columbia Bancorp Statutory Trust	Variable	2.78 %	$ 6,186	06/30/34	03/31/22	100.0
Columbia Bancorp Statutory Trust II	Variable	2.09 %	4,124	03/15/35	03/15/22	100.0
Columbia Bancorp Statutory Trust III	Variable	1.97 %	6,186	06/15/35	03/15/22	100.0
			$ 16,496			

NOTE 10 – DERIVATIVE FINANCIAL INSTRUMENTS

The following table presents the notional amounts and fair values of derivative financial instruments as of December 31:

	2021		2020	
	Notional Amount	**Asset (Liability) Fair Value**	Notional Amount	Asset (Liability) Fair Value
	(in thousands)			
Interest Rate Locks with Customers				
Positive fair values	**$ 261,428**	**$ 2,326**	$ 382,903	$ 8,034
Negative fair values	**2,549**	**(23)**	3,154	(35)
Forward Commitments				
Positive fair values	**51,000**	**41**	—	—
Negative fair values	**—**	**—**	292,262	(2,263)
Interest Rate Swaps with Customers				
Positive fair values	**3,213,924**	**153,752**	3,834,062	330,951
Negative fair values	**752,462**	**(4,766)**	45,640	(2)
Interest Rate Swaps with Dealer Counterparties				
Positive fair values	**752,462**	**4,766**	45,640	2
Negative fair values	**3,213,924**	**(79,889)**	3,834,062	(165,205)
Interest Rate Swaps used in Cash Flow Hedges				
Positive fair values	**500,000**	**60**	—	—
Negative fair values	**500,000**	**(1,432)**	—	—
Foreign Exchange Contracts with Customers				
Positive fair values	**7,629**	**229**	1,121	5
Negative fair values	**3,388**	**(51)**	5,963	(275)
Foreign Exchange Contracts with Correspondent Banks				
Positive fair values	**3,656**	**69**	6,372	318
Negative fair values	**9,364**	**(240)**	1,422	(5)

The following table presents the effect of fair value and cash flow hedge accounting on accumulated OCI for the year ended December 31, 2021:

	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Recognized in OCI Included Component	Amount of Gain or (Loss) Recognized in OCI Excluded Component	Location of Gain or (Loss) Recognized from AOCI into Income	Amount of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income Included Component	Amount of Gain or (Loss) Reclassified from AOCI into Income Excluded
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	(3,452,060)	(3,452,060)	—	Interest income	2,775,589	2,775,589	—

The following table presents the effect of fair value and cash flow hedge accounting on the consolidated statements of income for the year ended December 31, 2021:

	Consolidated Statements of Income Classification	
	Interest Income	**Interest Expense**
Total amounts of income line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	$ 2,776	$ —
The effects of fair value and cash flow hedging:		
Amount of gain or (loss) on cash flow hedging relationships	—	—
Interest contracts:		
Amount of gain reclassified from AOCI into income	2,776	—
Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	—	—
Amount of Gain Reclassified from AOCI into Income - Included Component	2,776	—
Amount of Gain or (Loss) Reclassified from AOCI into Income - Excluded Component	—	—

During the next twelve months, the Corporation estimates that an additional $4.9 million will be reclassified as an increase to interest income.

The following table presents the fair value gains (losses) on derivative financial instruments for the years ended December 31:

	Consolidated Statements of Income Classification	**2021**	2020	2019
		(in thousands)		
Mortgage banking derivatives [1]	Mortgage banking	**$ (3,392)**	$ 4,974	$ 689
Interest rate swaps	Other expense	**1,050**	70	122
Foreign exchange contracts	Other income	**(36)**	12	20
Net fair value gains (losses) on derivative financial instruments		**$ (2,378)**	$ 5,056	$ 831

[1] Includes interest rate locks with customers and forward commitments.

Fair Value Option

The Corporation has elected to measure mortgage loans held for sale at fair value. The following table presents a summary of mortgage loans held for sale and the impact of the fair value election on the consolidated financial statements as of December 31:

	2021	2020
	(in thousands)	
Amortized cost [(1)]	**$ 35,050**	$ 80,662
Fair value	**35,768**	83,886

(1) Cost basis of mortgage loans held for sale represents the unpaid principal balance.

Losses related to changes in fair values of mortgage loans held for sale were $2.5 million for the year ended December 31, 2021. Gains related to changes in fair values of mortgage loans held for sale were $2.8 million for the year ended December 31, 2020, and losses related to changes in fair values of mortgage loans held for sale were $0.3 million for the year ended December 31, 2019. The gains and losses are recorded on the consolidated income statements as an adjustment to mortgage banking income.

Balance Sheet Offsetting

The fair values of interest rate swap agreements and foreign exchange contracts the Corporation enters into with customers and dealer counterparties may be eligible for offset on the consolidated balance sheets if they are subject to master netting arrangements or similar agreements. The Corporation has elected to net its financial assets and liabilities designated as cash flow hedges when offsetting is permitted. The following table presents the financial instruments that are eligible for offset, and the effects of offsetting, on the consolidated balance sheets as of December 31:

	Gross Amounts Recognized on the Consolidated Balance Sheets	Gross Amounts Not Offset on the Consolidated Balance Sheets		Net Amount
		Financial Instruments [(1)]	Cash Collateral [(2)]	
	(in thousands)			
2021				
Interest rate swap derivative assets	**$ 158,578**	**$ (8,028)**	**$ —**	**$ 150,550**
Foreign exchange derivative assets with correspondent banks	**69**	**(69)**	**—**	**—**
Total	**$ 158,647**	**$ (8,097)**	**$ —**	**$ 150,550**
Interest rate swap derivative liabilities	**$ 86,087**	**$ (6,656)**	**$ (74,359)**	**$ 5,072**
Foreign exchange derivative liabilities with correspondent banks	**240**	**(69)**	**—**	**171**
Total	**$ 86,327**	**$ (6,725)**	**$ (74,359)**	**$ 5,243**
2020				
Interest rate swap derivative assets	$ 330,951	$ (2)	$ —	$ 330,949
Foreign exchange derivative assets with correspondent banks	318	(5)	—	313
Total	$ 331,269	$ (7)	$ —	$ 331,262
Interest rate swap derivative liabilities	$ 165,205	$ (2)	$ (165,203)	$ —
Foreign exchange derivative liabilities with correspondent banks	5	(5)	—	—
Total	$ 165,210	$ (7)	$ (165,203)	$ —

(1) For interest rate swap assets, amounts represent any derivative liability fair values that could be offset in the event of counterparty or customer default. For interest rate swap liabilities, amounts represent any derivative asset fair values that could be offset in the event of counterparty or customer default.

(2) Amounts represent cash collateral (pledged by the Corporation) or received from the counterparty on interest rate swap transactions and foreign exchange contracts with financial institution counterparties. Interest rate swaps with customers are collateralized by the same collateral securing the underlying loans to those borrowers. Cash collateral amounts are included in the table only to the extent of the net derivative fair values.

NOTE 11 – REGULATORY MATTERS

Regulatory Capital Requirements

The Corporation and the Bank are subject to regulatory capital requirements administered by banking regulators. Failure to meet minimum capital requirements can trigger certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Corporation’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Basel III Rules

In July 2013, the FRB approved Basel III Rules establishing a new comprehensive capital framework for U.S. banking organizations and implementing the Basel Committee on Banking Supervision's December 2010 framework for strengthening international capital standards. The Basel III Rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions.

The minimum regulatory capital requirements established by the Basel III Rules became effective on January 1, 2015, and became fully phased in on January 1, 2019. The Basel III Rules require the Corporation and the Bank to:

- Meet a minimum Common Equity Tier 1 capital ratio of 4.50% of risk-weighted assets and a minimum Tier 1 capital of 6.00% of risk-weighted assets;
- Meet a minimum Total capital ratio of 8.00% of risk-weighted assets and a minimum Tier 1 leverage capital ratio of 4.00% of average assets;
- Maintain a "capital conservation buffer" of 2.50% above the minimum risk-based capital requirements, which must be maintained to avoid restrictions on capital distributions and certain discretionary bonus payments; and
- Comply with a revised definition of capital to improve the ability of regulatory capital instruments to absorb losses. Certain non-qualifying capital instruments, including cumulative preferred stock and TruPS, are excluded as a component of Tier 1 capital for institutions of the Corporation's size.

The Basel III Rules use a standardized approach for risk weightings that expand the risk-weightings for assets and off-balance sheet exposures from the previous 0%, 20%, 50% and 100% categories to a much larger and more risk-sensitive number of categories, depending on the nature of the assets and off-balance sheet exposures, resulting in higher risk weights for a variety of asset categories.

The Corporation and the Bank are required to maintain a "capital conservation buffer" of 2.50% above the minimum risk-based capital requirements. The rules provide that the failure to maintain the "capital conservation buffer" results in restrictions on capital distributions and discretionary cash bonus payments to executive officers. As a result, under the Basel III Rules, if the Bank fails to maintain the required minimum capital conservation buffer, the Corporation will be subject to limits, and possibly prohibitions, on its ability to obtain capital distributions from such subsidiaries. If the Corporation does not receive sufficient cash dividends from the Bank, it may not have sufficient funds to pay dividends on its common stock, service its debt obligations or repurchase its common stock.

As of December 31, 2021 and 2020, the Corporation's capital levels met the fully phased-in minimum capital requirements, including the new capital conservation buffers, as prescribed in the Basel III Rules.

As of December 31, 2021 and 2020, the Bank was well capitalized under the regulatory framework for prompt corrective action based on its capital ratio calculation. To be categorized as well capitalized, the bank was required to maintain minimum total risk-based, Tier I risk-based, Common Equity Tier I risk-based and Tier I leverage ratios as set forth in the table below.

There are no conditions or events since December 31, 2021, that management believes have changed the institution's categories.

The following tables present the Total risk-based, Tier I risk-based, Common Equity Tier I risk-based and Tier I leverage requirements under the Basel III Rules, as of December 31:

	2021					
	Actual		For Capital Adequacy Purposes		Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
Total Capital (to Risk-Weighted Assets):						
Corporation	**$ 2,841,529**	**14.1 %**	**$ 1,610,429**	**8.0 %**	**N/A**	**N/A**
Fulton Bank, N.A.	**2,591,332**	**12.9**	**1,602,597**	**8.0**	**$ 2,003,246**	**10.0 %**
Tier I Capital (to Risk-Weighted Assets):						
Corporation	**$ 2,195,647**	**10.9 %**	**$ 1,207,822**	**6.0 %**	**N/A**	**N/A**
Fulton Bank, N.A	**2,395,890**	**12.0**	**1,201,948**	**6.0**	**$ 1,602,597**	**8.0 %**
Common Equity Tier I Capital (to Risk-Weighted Assets):						
Corporation	**$ 2,002,769**	**9.9 %**	**$ 905,866**	**4.5 %**	**N/A**	**N/A**
Fulton Bank, N.A	**2,351,890**	**11.7**	**901,461**	**4.5**	**$ 1,302,110**	**6.5 %**
Tier I Leverage Capital (to Average Assets):						
Corporation	**$ 2,195,647**	**8.6 %**	**$ 1,023,787**	**4.0 %**	**N/A**	**N/A**
Fulton Bank, N.A	**2,395,890**	**9.4**	**1,017,083**	**4.0**	**$ 1,271,354**	**5.0 %**

N/A – Not applicable as "well capitalized" applies to banks only.

	2020					
	Actual		For Capital Adequacy Purposes		Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(dollars in thousands)					
Total Capital (to Risk-Weighted Assets):						
Corporation	$ 2,837,801	14.4 %	$ 1,571,876	8.0 %	N/A	N/A
Fulton Bank, N.A.	2,758,963	14.1	1,562,322	8.0	$ 1,952,903	10.0 %
Tier I Capital (to Risk-Weighted Assets):						
Corporation	$ 2,067,640	10.5 %	$ 1,178,907	6.0 %	N/A	N/A
Fulton Bank, N.A	2,529,802	13.0	1,171,742	6.0	$ 1,562,322	8.0 %
Common Equity Tier I Capital (to Risk-Weighted Assets):						
Corporation	$ 1,874,762	9.5 %	$ 884,181	4.5 %	N/A	N/A
Fulton Bank, N.A	2,485,802	12.7	878,806	4.5	$ 1,269,387	6.5 %
Tier I Leverage Capital (to Average Assets):						
Corporation	$ 2,067,640	8.2 %	$ 1,009,469	4.0 %	N/A	N/A
Fulton Bank, N.A	2,529,802	10.1	1,001,313	4.0	$ 1,251,641	5.0 %

N/A – Not applicable as "well capitalized" applies to banks only.

Dividend and Loan Limitations

The dividends that may be paid by the Bank to the Parent Company are subject to certain legal and regulatory limitations. The total amount available for payment of dividends by the Bank to the Parent Company was approximately $73.7 million as of December 31, 2021, based on the Bank maintaining enough capital to be considered well capitalized under the Basel III Rules.

Under current regulations, the Bank is limited in the amount it may loan to its affiliates, including the Parent Company. Loans to a single affiliate may not exceed 10%, and the aggregate of loans to all affiliates may not exceed 20% of the Bank's regulatory capital.

NOTE 12 – INCOME TAXES

The components of the provision for income taxes are as follows:

	2021	2020	2019
		(in thousands)	
Current tax expense:			
Federal	**$ 35,692**	$ 38,397	$ 32,610
State	**10,646**	7,389	5,204
	46,338	45,786	37,814
Deferred tax (benefit) expense:			
Federal	**11,081**	(18,131)	(1,271)
State	**1,329**	(3,460)	1,106
	12,410	(21,591)	(165)
Total income tax expense	**$ 58,748**	$ 24,195	$ 37,649

The differences between the effective income tax rate and the federal statutory income tax rate are as follows:

	2021	2020	2019
Statutory tax rate	**21.0 %**	21.0 %	21.0 %
Tax credit investments	**(3.0)**	(5.7)	(4.6)
Tax-exempt income	**(3.0)**	(4.9)	(3.9)
Bank owned life insurance	**(0.5)**	(0.7)	(0.4)
State income taxes, net of federal benefit	**2.6**	1.1	0.2
Change in valuation allowance	**—**	—	1.8
Executive compensation	**0.1**	—	—
FDIC Premium	**0.3**	0.3	—
Penalties	**—**	0.2	—
Other, net	**0.1**	0.7	0.2
Effective income tax rate	**17.6 %**	12.0 %	14.3 %

The net DTA recorded by the Corporation is included in other assets and consists of the following tax effects of temporary differences as of December 31:

	2021	2020
	(in thousands)	
Deferred tax assets:		
Allowance for credit losses	**$ 62,465**	$ 67,059
Tax credit carryforwards	**27,192**	39,294
State loss carryforwards	**23,996**	20,401
Lease Liability	**21,034**	—
Tax credit investments	**11,203**	10,159
Other accrued expenses	**10,633**	9,801
Deferred compensation	**9,190**	8,486
Stock-based compensation	**3,499**	3,289
Postretirement and defined benefit plans	**—**	1,553
Other	**7,348**	12,107
Total gross deferred tax assets	**$ 176,560**	$ 172,149
Deferred tax liabilities:		
Equipment lease financing	**$ 41,049**	$ 44,216
Right-of-use-asset	**18,671**	—
Unrealized holding gains on AFS securities	**10,432**	23,978
Premises and equipment	**9,151**	8,876
MSRs	**8,016**	6,414
Acquisition premiums/discounts	**5,466**	5,466
Intangible assets	**1,272**	1,205
Postretirement and defined benefit plans	**1,243**	—
Other	**13,492**	15,811
Total gross deferred tax liabilities	**108,792**	105,966
Net deferred tax asset, before valuation allowance	**67,768**	66,183
Valuation allowance	**(23,996)**	(20,401)
Net deferred tax asset	**$ 43,772**	$ 45,782

In assessing the realizability of DTAs, management considers whether it is more likely than not that some or all of the DTAs will not be realized. The ultimate realization of DTAs is dependent upon the generation of future taxable income and/or capital gain income during periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies, such as those that may be implemented to generate capital gains, in making this assessment.

The valuation allowance relates to state net operating loss carryforwards for which realizability is uncertain. As of December 31, 2021 and 2020, the Corporation had state net operating loss carryforwards of approximately $306.9 million and $263.6 million, respectively, which are available to offset future state taxable income, and expire at various dates through 2041.

As of December 31, 2021, based on the level of historical taxable income and projections for future taxable income over the periods in which the DTAs are deductible, management believes it is more likely than not that the Corporation will realize the benefits of its DTAs, net of the valuation allowance.

As of December 31, 2021, the Corporation had tax credit carryforwards related to TCIs of approximately $27.2 million. The Corporation recorded a DTA of $27.2 million, reflecting the benefit of these tax credit carryforwards. Such DTA will begin to expire in 2041 if not yet utilized.

Uncertain Tax Positions

The following table summarizes the changes in unrecognized tax benefits for the years ended December 31:

	2021	2020	2019
		(in thousands)	
Balance at beginning of year	**$ 2,151**	$ 2,517	$ 2,726
Current period tax positions	**120**	95	292
Lapse of statute of limitations	**(598)**	(461)	(501)
Balance at end of year	**$ 1,673**	$ 2,151	$ 2,517

Virtually all of the Corporation's unrecognized tax benefits are for positions that are taken on an annual basis on state tax returns. Increases to unrecognized tax benefits will occur as a result of accruing for the nonrecognition of the position for the current year.

Decreases will occur as a result of the lapsing of the statute of limitations for the oldest outstanding year which includes the position. These offsetting increases and decreases are likely to continue in the future, including over the next twelve months. While the net effect on total unrecognized tax benefits during this period cannot be reasonably estimated, approximately $0.6 million is expected to reverse in 2022 due to lapsing of the statute of limitations. Decreases can also occur throughout the settlement of positions with taxing authorities.

As of December 31, 2021, if recognized, all of the Corporation's unrecognized tax benefits would impact the effective tax rate. Not included in the table above is $0.4 million of federal income tax benefit on unrecognized state tax benefits which, if recognized, would also impact the effective tax rate. Interest accrued related to unrecognized tax benefits is recorded as a component of income tax expense. Penalties, if incurred, would also be recognized in income tax expense. The Corporation recognized approximately $(75,000) and $(17,000) in 2021 and 2020, respectively, for interest and penalties in income tax expense related to unrecognized tax positions. As of December 31, 2021 and 2020, total accrued interest and penalties related to unrecognized tax positions were approximately $0.6 million and $0.7 million, respectively.

The Corporation files income tax returns in the federal and various state jurisdictions. In most cases, unrecognized tax benefits are related to tax years that remain subject to examination by the relevant taxing authorities. With few exceptions, the Corporation is no longer subject to federal, state and local examinations by tax authorities for years before 2018.

Tax Credit Investments

The TCIs are included in other assets, with any unfunded equity commitments recorded in other liabilities on the consolidated balance sheets. Certain TCIs qualify for the proportional amortization method and are amortized over the period the Corporation expects to receive the tax credits, with the expense included within income taxes on the consolidated statements of income. Other TCIs are accounted for under the equity method of accounting, with amortization included within non-interest expense on the consolidated statements of income. This amortization includes equity in partnership losses and the systematic write-down of investments over the period in which income tax credits are earned. All of the TCIs are evaluated for impairment at the end of each reporting period.

The following table presents the balances of the Corporation's TCIs and related unfunded commitments as of December 31:

	2021	2020
Included in other assets:	(in thousands)	
Affordable housing tax credit investments, net	**$ 161,052**	$ 152,203
Other tax credit investments, net	**42,987**	59,224
Total TCIs, net	**$ 204,039**	$ 211,427
Included in other liabilities:		
Unfunded affordable housing tax credit commitments	**$ 49,364**	$ 31,562
Other tax credit liabilities	**33,941**	49,491
Total unfunded tax credit commitments and liabilities	**$ 83,305**	$ 81,053

The following table presents other information relating to the Corporation's TCIs for the years ended December 31:

	2021	2020	2019
		(in thousands)	
Components of income taxes:			
Tax credits and benefits	**(28,141)**	**(32,940)**	(35,184)
Amortization of tax credits and benefits, net of tax benefits	**17,378**	20,429	22,184
Deferred tax expense	**639**	921	954
Total reduction in income tax expense	**$ (10,124)**	$ (11,590)	$ (12,046)
Amortization of TCIs:			
Total amortization of TCIs	**$ 6,187**	$ 6,126	$ 6,021

NOTE 13 – NET INCOME PER COMMON SHARE

Basic net income per common share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding.

Diluted net income per common share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding plus the incremental number of shares added as a result of converting common stock equivalents, calculated using the treasury stock method. The Corporation's common stock equivalents consist of outstanding stock options, restricted stock, RSUs and PSUs. PSUs are required to be included in weighted average diluted shares outstanding if performance measures, as defined in each PSU award agreement, are met as of the end of the period.

A reconciliation of weighted average common shares outstanding used to calculate basic and diluted net income per share follows:

	2021	2020	2019
		(in thousands)	
Weighted average common shares outstanding (basic)	**162,233**	162,372	166,902
Impact of common stock equivalents	**1,074**	718	890
Weighted average common shares outstanding (diluted)	**163,307**	163,090	167,792

NOTE 14 – SHAREHOLDERS' EQUITY

Preferred Stock

On October 29, 2020, the Corporation issued 8.0 million depositary shares ("Depositary Shares"), each representing a 1/40th interest in a share of Fulton's 5.125% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, of which 200,000 are authorized and issued, with a liquidation preference of $1,000 per share (equivalent to $25.00 per Depositary Share), for an aggregate offering amount of $200 million. The preferred stock is redeemable, at the Corporation's option, in whole or in part, on and after January 15, 2026, and redeemable in whole, but not in part, prior to January 15, 2026 within 90 days following the occurrence of a regulatory capital treatment event. The Corporation received net proceeds from the offering of $192.9 million, after deducting underwriting discounts and commissions and before deducting transaction expenses payable by the Corporation.

Accumulated Other Comprehensive Income (Loss)

The following table presents the components of other comprehensive income (loss) for the years ended December 31:

	Before-Tax Amount	Tax Effect	Net of Tax Amount
		(in thousands)	
2021			
Unrealized loss on securities	**$ (23,222)**	**$ 5,274**	**$ (17,948)**
Reclassification adjustment for securities gains included in net income (1)	**(33,516)**	**7,611**	**(25,905)**
Amortization of net unrealized losses on AFS transferred to HTM (2)	**3,485**	**(795)**	**2,690**
Net unrealized holding loss arising during the period on interest rate swaps used in cash flow hedges	**(2,776)**	**629**	**(2,147)**
Reclassification adjustment for net loss realized in net income on interest rate swaps used in cash flow hedges	**(3,452)**	**782**	**(2,670)**
Unrecognized pension and postretirement income	**9,147**	**(2,003)**	**7,144**
Amortization of net unrecognized pension and postretirement items (3)	**1,480**	**(324)**	**1,156**
Total Other Comprehensive Loss	**$ (48,854)**	**$ 11,174**	**$ (37,680)**
2020			
Unrealized gain on securities	$ 85,188	$ (19,537)	$ 65,651
Reclassification adjustment for securities gains included in net income (1)	(3,053)	694	(2,359)
Amortization of net unrealized losses on AFS transferred to HTM (2) (4)	4,360	(912)	3,448
Unrecognized pension and postretirement income	(3,242)	710	(2,532)
Amortization of net unrecognized pension and postretirement items (3)	1,311	(291)	1,020
Total Other Comprehensive Income	$ 84,564	$ (19,336)	$ 65,228
2019			
Unrealized gain on securities	$ 73,085	$ (16,166)	$ 56,919
Reclassification adjustment for securities gains included in net income (1)	(4,733)	1,047	(3,686)
Amortization of net unrealized losses on AFS transferred to HTM (2)	8,070	(1,785)	6,285
Non-credit related unrealized losses on other-than-temporarily impaired debt securities	(873)	193	(680)
Unrecognized pension and postretirement income	(1,203)	266	(937)
Amortization of net unrecognized pension and postretirement items (3)	1,316	(291)	1,025
Total Other Comprehensive Income	$ 75,662	$ (16,736)	$ 58,926

(1) Amounts reclassified out of AOCI/(loss). Before-tax amounts included in "Investment securities gains, net" on the consolidated statements of income. See "Note 3 - Investment Securities," for additional details.
(2) Amounts reclassified out of AOCI/(loss). Before-tax amounts included as a reduction to "Interest Income" on the consolidated statements of income. See "Note 3, - Investment Securities," for additional details.
(3) Amounts reclassified out of AOCI/(loss). Before-tax amounts included in "Salaries and employee benefits" on the consolidated statements of income. See "Note 13 - Employee Benefit Plans," for additional details.

(4) Before-Tax amount includes a $3.7 million reclassification of unrealized loss related to the early adoption of ASU 2019-04, as disclosed in "Note 1 - Summary of Significant Accounting Policies" from "Amortization of net unrealized losses on AFS securities transferred to HTM" to "Unrealized gain on securities."

The following table presents changes in each component of accumulated other comprehensive income (loss), net of tax, for the years ended December 31:

	Unrealized Gains (Losses) on Investment Securities	Net Unrealized (Loss) Gain on Interest Rate Swaps used in Cash Flow Hedges	Unrecognized Pension and Postretirement Plan Income (Costs)	Total
		(in thousands)		
Balance at December 31, 2018	$ (43,974)	$ —	$ (15,089)	$ (59,063)
Other comprehensive loss before reclassifications	56,239	—	(937)	55,302
Amounts reclassified from AOCI (loss)	(3,686)	—	1,025	(2,661)
Amortization of net unrealized losses on AFS securities transferred to HTM	6,285	—	—	6,285
Balance at December 31, 2019	14,864	—	(15,001)	(137)
OCI before reclassifications	65,651	—	(2,532)	63,119
Amounts reclassified from AOCI	(2,359)	—	1,020	(1,339)
Amortization of net unrealized losses on AFS securities transferred to HTM	3,448	—	—	3,448
Balance at December 31, 2020	**81,604**	**—**	**(16,513)**	**65,091**
OCI before reclassifications	**(17,948)**	**—**	**7,144**	**(10,804)**
Amounts reclassified from AOCI	**(25,905)**	**(4,817)**	**1,156**	**(29,566)**
Amortization of net unrealized losses on AFS securities transferred to HTM	**2,690**	**—**	**—**	**2,690**
Balance at December 31, 2021	**$ 40,441**	**$ (4,817)**	**$ (8,213)**	**$ 27,411**

Common Stock Repurchase Plans

In February 2021, the Corporation's board of directors approved a share repurchase program pursuant to which the Corporation is authorized to repurchase up to $75.0 million of its outstanding shares of common stock, or approximately 3.2% of its outstanding shares, through December 31, 2021. In November 2021, the Corporation's board of directors approved the extension of this program through March 31, 2022. During 2021, 2.8 million shares were repurchased at a total cost of $43.9 million, or $15.65 per share, under this program. As of December 31, 2021, there was $31.1 million of share repurchase authorization that may be utilized to repurchase common shares through March 31, 2022 under this program.

In October 2019, the Corporation's board of directors approved a share repurchase program pursuant to which the Corporation was authorized to repurchase up to $100.0 million of its outstanding shares of common stock, or approximately 3.9% of its outstanding shares, through December 31, 2020. During the first quarter of 2020, 2.9 million shares were repurchased at a total cost of $39.7 million, or $13.65 per share, under this program. The repurchase program was suspended in mid-March of 2020 in order to preserve liquidity in response to potential unknown economic impacts of the COVID-19 pandemic at that time.

In March 2019, the Corporation's board of directors approved a share repurchase program pursuant to which the Corporation was authorized to repurchase up to $100.0 million of its outstanding shares of common stock, or approximately 3.5% of its outstanding shares, through December 31, 2019. During 2019, the Corporation repurchased approximately 6.1 million shares under this program for a total cost of $100.0 million, or $16.28 per share, completing this program.

In November 2018, the Corporation's board of directors approved a share repurchase program pursuant to which the Corporation was authorized to repurchase up to $75.0 million of its outstanding shares of common stock, or approximately 2.7% of its outstanding shares, through December 31, 2019. During 2019 and 2018, the Corporation repurchased approximately 706,000 and 4.1 million shares, respectively, under this program for a total cost of $75.0 million, or $15.57 per share, completing this program.

Under these repurchase programs, repurchased shares are added to treasury stock, at cost. As permitted by securities laws and other legal requirements, and subject to market conditions and other factors, purchases may be made from time to time in open market or privately negotiated transactions, including, without limitation, through accelerated share repurchase transactions.

NOTE 15 – STOCK-BASED COMPENSATION PLANS

The following table presents compensation expense and related tax benefits for all equity awards recognized in the consolidated statements of income:

	2021	2020	2019
		(in thousands)	
Compensation expense	**$ 9,264**	$ 8,381	$ 7,413
Tax benefit	**(2,027)**	(1,790)	(1,610)
Total stock-based compensation, net of tax	**$ 7,237**	$ 6,591	$ 5,803

The tax benefits as a percentage of compensation expense, as shown in the preceding table, were 21.9%, 21.4% and 21.7% in 2021, 2020 and 2019, respectively. These percentages differ from the Corporation's federal statutory tax rate of 21%. Tax benefits are only recognized over the vesting period for awards that ordinarily will generate a tax deduction when exercised, in the case of non-qualified stock options, or upon vesting, in the case of restricted stock, RSUs, and PSUs. Tax benefits in excess of the tax rate resulted from incentive stock option exercises that triggered a tax deduction when they were exercised, and excess tax benefits realized on vesting RSUs and PSUs during the period.

The following table provides information about stock option activity for the year ended December 31, 2021:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding and exercisable as of December 31, 2020	398,307	$ 11.39		
Exercised	(148,670)	11.10		
Forfeited	(1,676)	11.33		
Expired	(8,370)	11.24		
Outstanding and exercisable as of December 31, 2021	239,591	$ 11.57	1.6 years	$ 1.3

The following table presents information about stock options exercised:

	2021	2020	2019
		(dollars in thousands)	
Number of options exercised	**148,670**	89,725	150,296
Total intrinsic value of options exercised	**$ 801**	$ 192	$ 1,028
Cash received from options exercised	**$ 1,651**	$ 880	$ 1,446
Tax benefit from options exercised	**$ 155**	$ 37	$ 188

Upon exercise, the Corporation issues shares from its authorized, but unissued, common stock to satisfy the options.

The following table provides information about nonvested restricted stock, RSUs and PSUs granted under the Employee Equity Plan and Directors' Plan for the year ended December 31, 2021:

	Restricted Stock/RSUs/PSUs [(1)]	
	Shares	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2020	1,897,380	$ 14.07
Granted	665,749	16.83
Vested	(379,193)	16.37
Forfeited	(121,197)	15.78
Nonvested as of December 31, 2021	2,062,739	$ 14.26

(1) There were no nonvested stock options at December 31, 2021 or 2020.

As of December 31, 2021, there was $12.7 million of total unrecognized compensation cost (pre-tax) related to restricted stock, RSUs and PSUs that will be recognized as compensation expense over a weighted average period of 1.85 years. As of December 31, 2021, the Employee Equity Plan had 9.6 million shares reserved for future grants through 2023, and the Directors' Plan had 109,000 shares reserved for future grants through 2029.

The fair value of certain PSUs with market-based performance conditions granted under the Employee Equity Plan was estimated on the grant date using the Monte Carlo valuation methodology performed by a third-party valuation expert. This valuation is dependent upon certain assumptions, as summarized in the following table:

	2021	2020	2019
Risk-free interest rate	**0.25 %**	0.25 %	2.27 %
Volatility of Corporation's stock	**42.55 %**	33.10 %	23.00 %
Expected life of PSUs	**3 years**	3 years	3 years

The expected life of the PSUs with fair values measured using the Monte Carlo valuation methodology was based on the defined performance period of three years. Volatility of the Corporation's stock was based on historical volatility for the period commensurate with the expected life of the PSUs. The risk-free interest rate is the zero-coupon U.S. Treasury rate commensurate with the expected life of the PSUs on the date of the grant. Based on the assumptions above, the Corporation calculated an estimated fair value per PSU with market-based performance conditions granted in 2021, 2020 and 2019 of $16.94, $10.16 and $16.83, respectively.

Under the ESPP, eligible employees can purchase stock of the Corporation at 85% of the fair market value of the stock on the date of purchase. The ESPP is considered to be a compensatory plan and, as such, compensation expense is recognized for the 15% discount on shares purchased. The following table summarizes activity under the ESPP:

	2021	2020	2019
ESPP shares purchased	**134,156**	194,485	136,576
Average purchase price per share (85% of market value)	**$ 13.92**	$ 10.02	$ 14.03
Compensation expense recognized (in thousands)	**$ 329**	$ 344	$ 338

NOTE 16 – EMPLOYEE BENEFIT PLANS

The following summarizes retirement plan expense for the years ended December 31:

	2021	2020	2019
		(in thousands)	
401(k) Retirement Plan	**$ 10,338**	$ 9,853	$ 8,976
Pension Plan	**217**	660	2,484
Total	**$ 10,555**	$ 10,513	$ 11,460

The 401(k) Retirement Plan is a defined contribution plan under which eligible employees may defer a portion of their pre-tax covered compensation on an annual basis, with employer matches of up to 5% of employee compensation. Employee and employer contributions under these features are 100% vested.

Contributions to the Defined Benefit Pension Plan ("Pension Plan") are actuarially determined and funded annually, if necessary. The Corporation recognizes the funded status of its Pension Plan on the consolidated balance sheets and recognizes the changes in that funded status through OCI. The Pension Plan has been curtailed, with no additional benefits accruing to participants.

Pension Plan

The net periodic pension cost for the Pension Plan, as determined by consulting actuaries, consisted of the following components for the years ended December 31:

	2021	2020	2019
		(in thousands)	
Interest cost	**$ 2,244**	$ 2,726	$ 3,257
Expected return on assets	**(4,044)**	(3,925)	(2,754)
Net amortization and deferral	**2,017**	1,859	1,981
Net periodic pension cost	**$ 217**	$ 660	$ 2,484

The following table summarizes the changes in the projected benefit obligation and fair value of plan assets for the plan years ended December 31:

	2021	2020
	(in thousands)	
Projected benefit obligation at beginning of year	**$ 92,292**	$ 86,204
Interest cost	**2,244**	2,726
Benefit payments	**(4,272)**	(4,104)
Change in assumptions	**(2,613)**	7,532
Experience gain	**(121)**	(66)
Projected benefit obligation at end of year	**$ 87,530**	$ 92,292
Fair value of plan assets at beginning of year	**$ 87,177**	$ 83,676
Actual return on plan assets	**11,210**	7,605
Benefit payments	**(4,272)**	(4,104)
Fair value of plan assets at end of year	**$ 94,115**	$ 87,177

The following table presents the funded status of the Pension Plan, included in other assets and other liabilities on the consolidated balance sheets, as of December 31:

	2021	2020
	(in thousands)	
Projected benefit obligation	**$ (87,530)**	$ (92,292)
Fair value of plan assets	**94,115**	87,177
Funded status	**$ 6,585**	$ (5,115)

The following table summarizes the changes in the unrecognized net loss included as a component of accumulated other comprehensive income (loss):

	Unrecognized Net Loss	
	Before tax	Net of tax
	(in thousands)	
Balance as of December 31, 2019	$ 23,546	$ 18,337
Recognized as a component of 2020 periodic pension cost	(1,859)	(1,452)
Unrecognized gains arising in 2020	3,787	2,958
Balance as of December 31, 2020	**25,474**	**19,843**
Recognized as a component of 2021 periodic pension cost	**(2,017)**	**(1,574)**
Unrecognized losses arising in 2021	**(9,899)**	**(7,724)**
Balance as of December 31, 2021	**$ 13,558**	**$ 10,545**

The following rates were used to calculate the net periodic pension cost and the present value of benefit obligations as of December 31:

	2021	2020	2019
Discount rate-projected benefit obligation	**2.80 %**	2.50 %	3.25 %
Expected long-term rate of return on plan assets	**5.00 %**	5.00 %	5.00 %

The discount rates used were determined using the Citigroup Average Life discount rate table, as adjusted based on the Pension Plan's expected benefit payments.

The 5.00% long-term rate of return on plan assets used to calculate the net periodic pension cost was based on historical returns, adjusted for expectations of long-term asset returns based on the December 31, 2021 weighted average asset allocations. The expected long-term return is considered to be appropriate based on the asset mix and the historical returns realized.
The following table presents a summary of the fair values of the Pension Plan's assets as of December 31:

	2021		2020	
	Estimated Fair Value	**% of Total Assets**	Estimated Fair Value	% of Total Assets
	(dollars in thousands)			
Equity mutual funds	**$ 35,752**		$ 37,847	
Equity common trust funds	**19,824**		12,450	
Equity securities	**55,576**	**59.1 %**	50,297	57.7 %
Cash and money market funds	**8,447**		9,444	
Fixed income mutual funds	**15,566**		16,134	
Corporate debt securities	**2,733**		3,319	
U.S. Government agency securities	**9,524**		6,257	
Fixed income securities and cash	**36,270**	**38.5 %**	35,154	40.3 %
Other alternative investment funds	**2,269**	**2.4 %**	1,726	2.0 %
Total	**$ 94,115**	**100.0 %**	$ 87,177	100.0 %

Investment allocation decisions are made by a retirement plan committee. The goal of the investment allocation strategy is to match certain benefit obligations with maturities of fixed income securities. Alternative investments may include managed futures, commodities, real estate investment trusts, master limited partnerships, and long-short strategies with traditional stocks and bonds. All alternative investments are in the form of mutual funds, not individual contracts, to enable daily liquidity.

The fair values for assets held by the Pension Plan are based on quoted prices for identical instruments and would be categorized as Level 1 assets under the fair value hierarchy.

Estimated future benefit payments are as follows (in thousands):

Year	
2022	$ 4,505
2023	4,595
2024	4,663
2025	4,745
2026	4,839
Thereafter	24,505
Total	$ 47,852

Postretirement Benefits

The Corporation provides medical benefits and life insurance benefits under a postretirement benefits plan ("Postretirement Plan") to certain retired full-time employees who were employees of the Corporation prior to January 1, 1998. Prior to February 1, 2014, certain full-time employees became eligible for these discretionary benefits if they reached retirement age while working for the Corporation. The Corporation recognizes the funded status of the postretirement plan on the consolidated balance sheets and recognizes the changes in that funded status through OCI.

The components of the net benefit for Postretirement Plan other than pensions are as follows:

	2021	2020	2019
		(in thousands)	
Interest cost	$ 32	$ 43	$ 61
Net amortization and deferral	(536)	(548)	(556)
Net postretirement benefit	$ (504)	$ (505)	$ (495)

This table summarizes the changes in the accumulated postretirement benefit obligation for the years ended December 31:

	2021	2020
	(in thousands)	
Accumulated postretirement benefit obligation at beginning of year	$ 1,322	$ 1,450
Interest cost	32	43
Benefit payments	(167)	(177)
Change in experience	71	(32)
Change in assumptions	(14)	38
Accumulated postretirement benefit obligation at end of year	$ 1,244	$ 1,322

The fair values of the plan assets were $0 as of both December 31, 2021 and 2020. The funded status of the Postretirement Plan, included in other liabilities on the consolidated balance sheets as of December 31, 2021 and 2020 was $1.2 million and $1.3 million, respectively. The following table summarizes the changes in items recognized as a component of accumulated other comprehensive income (loss):

	Before tax			
	Unrecognized Prior Service Cost	Unrecognized Net Loss (Gain)	Total	Net of tax
		(in thousands)		
Balance as of December 31, 2019	$ (3,476)	$ (948)	$ (4,424)	$ (3,451)
Recognized as a component of 2020 postretirement cost	464	84	548	428
Unrecognized gains arising in 2020	—	6	6	5
Balance as of December 31, 2020	(3,012)	(858)	(3,870)	(3,018)
Recognized as a component of 2021 postretirement cost	464	72	536	418
Unrecognized gains arising in 2021	—	57	57	44
Balance as of December 31, 2021	$ (2,548)	$ (729)	$ (3,277)	$ (2,556)

The following rates were used to calculate net periodic postretirement benefit cost and the present value of benefit obligations as of December 31:

	2021	2020	2019
Discount rate-projected benefit obligation	2.80 %	2.50 %	3.25 %
Expected long-term rate of return on plan assets	3.00 %	3.00 %	3.00 %

The discount rates used to calculate the accumulated postretirement benefit obligation were determined using the Citigroup Average Life discount rate table, as adjusted based on the Postretirement Plan's expected benefit payments.

Estimated future benefit payments under the Postretirement Plan are as follows (in thousands):

Year		
2022	$	160
2023		147
2024		134
2025		123
2026		111
Thereafter		403
Total	$	1,078

NOTE 17 – LEASES

The Corporation has operating leases for certain financial centers, corporate offices and land.

The following table presents the components of lease expense, which is included in net occupancy expense on the consolidated statements of income (in thousands):

		2021		2020		2019
Operating lease expense	**$**	**16,345**	$	18,481	$	18,852
Variable lease expense		**1,384**		2,830		2,924
Sublease income		**(860)**		(749)		(791)
Total lease expense	**$**	**16,869**	$	20,562	$	20,985

Supplemental consolidated balance sheet information related to leases was as follows as of December 31 (dollars in thousands):

Operating Leases	**Balance Sheet Classification**		**2021**		2020
ROU assets	Other assets	**$**	**82,431**	$	84,227
Lease liabilities	Other liabilities	**$**	**92,864**	$	96,812
Weighted average remaining lease term			**7.0 years**		7.5 years
Weighted average discount rate			**2.73 %**		2.96 %

The discount rate used in determining the lease liability for each individual lease was the FHLB fixed advance rate which corresponded with the remaining lease term, as of January 1, 2019, for leases that existed at adoption and as of the lease commencement or modification date for leases subsequently entered into.

Supplemental cash flow information related to operating leases was as follows (in thousands):

		2021		2020
Cash paid for amounts included in the measurement of lease liabilities	**$**	**19,611**	$	18,973
ROU assets obtained in exchange for lease obligations		**12,588**		2,931

Lease payment obligations for each of the next five years and thereafter, with a reconciliation to the Corporation's lease liability were as follows (in thousands):

Year	Operating Leases
2022	$ 19,310
2023	18,086
2024	15,974
2025	14,099
2026	11,648
Thereafter	35,858
Total lease payments	114,975
Less: imputed interest	(22,111)
Present value of lease liabilities	$ 92,864

As of December 31, 2021, the Corporation had not entered into any material leases that have not yet commenced.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Commitments

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower or obligor. Since a portion of the commitments is expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral, if any, obtained upon extension of credit is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property, equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued to guarantee the financial or performance obligation of a customer to a third party. Commercial letters of credit are conditional commitments issued to facilitate foreign and domestic trade transactions for customers. The credit risk involved in issuing letters of credit is similar to that involved in extending loan facilities. These obligations are underwritten consistently with commercial lending standards. The maximum exposure to loss for standby and commercial letters of credit is equal to the contractual (or notional) amount of the instruments.

The Corporation records a reserve for unfunded commitments, included in other liabilities on the consolidated balance sheets, which represents management's estimate of losses inherent in commitments to extend credit and letters of credit. See "Note 4 - Loans and Allowance for Credit Losses," for additional information.

The following table presents the Corporation’s commitments to extend credit and letters of credit:

	2021	2020
	(in thousands)	
Commercial and industrial	**$ 5,072,008**	$ 5,245,041
Real estate - commercial mortgage and real estate - construction	**1,914,238**	1,787,963
Real estate - home equity	**1,744,922**	1,618,051
Total commitments to extend credit	**$ 8,731,168**	$ 8,651,055
Standby letters of credit	**$ 298,275**	$ 308,168
Commercial letters of credit	**54,196**	56,229
Total letters of credit	**$ 352,471**	$ 364,397

Residential Lending

The Corporation originates and sells residential mortgages to secondary market investors. The Corporation provides customary representations and warranties to secondary market investors that specify, among other things, that the loans have been underwritten to the standards of the secondary market investor. The Corporation may be required to repurchase specific loans, or reimburse the investor for a credit loss incurred on a sold loan if it is determined that the representations and warranties have not been met. Under some agreements with secondary market investors, the Corporation may have additional credit exposure beyond customary representations and warranties, based on the specific terms of those agreements.

The Corporation maintains a reserve for estimated credit losses related to loans sold to investors. As of December 31, 2021 and 2020, the total reserve for losses on residential mortgage loans sold was $1.1 million, for each period, including reserves for both representation and warranty and credit loss exposures. With the adoption of CECL on January 1, 2020, the reserve for estimated losses on certain residential mortgage loans sold to investors was reclassified to ACL - OBS credit exposures. In addition, a component of ACL - OBS credit exposures of $3.8 million and $5.3 million as of December 31, 2021 and December 31, 2020, respectively, related to additional credit exposure for potential loan repurchases.

Legal Proceedings

The Corporation is involved in various pending and threatened claims and other legal proceedings in the ordinary course of its business activities. The Corporation evaluates the possible impact of these matters, taking into consideration the most recent information available. A loss reserve is established for those matters for which the Corporation believes a loss is both probable and reasonably estimable. Once established, the reserve is adjusted as appropriate to reflect any subsequent developments. Actual losses with respect to any such matter may be more or less than the amount estimated by the Corporation. For matters where a loss is not probable, or the amount of the loss cannot be reasonably estimated by the Corporation, no loss reserve is established.

In addition, from time to time, the Corporation is involved in investigations or other forms of regulatory or governmental inquiry covering a range of possible issues and, in some cases, these may be part of similar reviews of the specified activities of other companies. These inquiries or investigations could lead to administrative, civil or criminal proceedings involving the Corporation, and could result in fines, penalties, restitution, other types of sanctions, or the need for the Corporation to undertake remedial actions, or to alter its business, financial or accounting practices. The Corporation's practice is to cooperate fully with regulatory and governmental inquiries and investigations.

As of the date of this Report, the Corporation believes that any liabilities, individually or in the aggregate, that may result from the final outcomes of pending legal proceedings, or regulatory or governmental inquiries or investigations, will not have a material adverse effect on the financial condition of the Corporation. However, legal proceedings, inquiries and investigations are often unpredictable, and it is possible that the ultimate resolution of any such matters, if unfavorable, may be material to the Corporation's results of operations in any future period, depending, in part, upon the size of the loss or liability imposed and the operating results for the period, and could have a material adverse effect on the Corporation's business. In addition, regardless of the ultimate outcome of any such legal proceeding, inquiry or investigation, any such matter could cause the Corporation to incur additional expenses, which could be significant, and possibly material, to the Corporation's results of operations in any future period.

Kress v. Fulton Bank, N.A.

On October 15, 2019, a former Fulton Bank teller supervisor, D. Kress, filed a putative collective and class action lawsuit on behalf of herself and other teller supervisors, tellers, and other similar non-exempt employees in the U.S. District Court for the District of New Jersey, D. Kress v. Fulton Bank, N.A., Case No. 1:19-cv-18985. Fulton Bank accepted summons without a formal service of process on January 20, 2020. The lawsuit alleges that Fulton Bank did not record or otherwise account for the amount of time D. Kress and putative collective and class members spent conducting branch opening security procedures. The allegation is that, as a result, Fulton Bank did not properly compensate those employees for their regular and overtime wages. The lawsuit alleges that by doing so, Fulton violated: (i) the federal Fair Labor Standards Act and seeks back overtime wages for a period of three years, liquidated damages and attorney fees and costs; (ii) the New Jersey State Wage and Hour Law and seeks back overtime wages for a period of six years, treble damages and attorney fees and costs; and (iii) the New Jersey Wage Payment Law and seeks back wages for a period of six years, treble damages and attorney fees and costs. The lawsuit also asserts New Jersey common law claims seeking compensatory damages and interest. The Corporation and counsel representing plaintiffs ("Plaintiffs' Counsel") reached and executed a formal Settlement Agreement to resolve this lawsuit. Plaintiffs' Counsel filed a Motion for Preliminary Approval of Class and Collective Settlement and Provisional Certification of Settlement Class and Collective ("the Motion") with the U.S. District Court for the District of New Jersey ("the Court"). The Corporation is not able to provide any assurance that the Court will grant the Motion. If the Court grants the Motion, subject to final approval by the Court, the Settlement Agreement will be administered according to its terms. The financial terms of the Settlement Agreement are not expected to be material to the Corporation. The Corporation established an accrued liability during the third quarter of 2020 for the costs expected to be incurred in connection with the Settlement Agreement. The accrued liability is included in "other liabilities" on the consolidated balance sheets.

NOTE 19 – FAIR VALUE MEASUREMENTS

The following tables present assets and liabilities measured at fair value on a recurring basis and reported on the consolidated balance sheets:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	(in thousands)			
Loans held for sale	$ —	$ 35,768	$ —	$ 35,768
Available for sale investment securities:				
U.S. Government securities	127,618	—	—	127,618
State and municipal securities	—	1,188,670	—	1,188,670
Corporate debt securities	—	386,133	—	386,133
Collateralized mortgage obligations	—	209,359	—	209,359
Residential mortgage-backed securities	—	229,795	—	229,795
Commercial mortgage-backed securities	—	971,148	—	971,148
Auction rate securities	—	—	74,667	74,667
Total available for sale investment securities	127,618	2,985,105	74,667	3,187,390
Other assets:				
Investments held in Rabbi Trust	28,619	—	—	28,619
Derivative assets	298	160,945	—	161,243
Total assets	$ 156,535	$ 3,181,818	$ 74,667	$ 3,413,020
Other liabilities:				
Deferred compensation liabilities	$ 28,619	$ —	$ —	$ 28,619
Derivative liabilities	291	86,110	—	86,401
Total liabilities	$ 28,910	$ 86,110	$ —	$ 115,020

	2020			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Loans held for sale	$ —	$ 83,886	$ —	$ 83,886
Available for sale investment securities:				
State and municipal securities	—	952,613	—	952,613
Corporate debt securities	—	367,145	—	367,145
Collateralized mortgage obligations	—	503,766	—	503,766
Residential mortgage-backed securities	—	377,998	—	377,998
Commercial mortgage-backed securities	—	762,415	—	762,415
Auction rate securities	—	—	98,206	98,206
Total available for sale investment securities	—	2,963,937	98,206	3,062,143
Other assets:				
Investments held in Rabbi Trust	24,383	—	—	24,383
Derivative assets	323	338,987	—	339,310
Total assets	$ 24,706	$ 3,386,810	$ 98,206	$ 3,509,722
Other liabilities:				
Deferred compensation liabilities	$ 24,383	$ —	$ —	$ 24,383
Derivative liabilities	280	167,505	—	167,785
Total liabilities	$ 24,663	$ 167,505	$ —	$ 192,168

The valuation techniques used to measure fair value for the items in the preceding tables are as follows:

Loans held for sale – This category includes mortgage loans held for sale that are measured at fair value. Fair values as of December 31, 2021 and 2020, were measured as the price that secondary market investors were offering for loans with similar characteristics. See "Note 1 - Summary of Significant Accounting Policies" for details related to the Corporation's election to measure assets and liabilities at fair value.

Available for sale investment securities – Included in this asset category are debt securities. Level 2 investment securities are valued by a third-party pricing service. The pricing service uses pricing models that vary based on asset class and incorporate available market information, including quoted prices of investment securities with similar characteristics. Because many fixed income securities do not trade on a daily basis, pricing models use available information, as applicable, through processes such as benchmark yield curves, benchmarking of like securities, sector groupings and matrix pricing.

Standard market inputs include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, including market research publications. For certain security types, additional inputs may be used, or some of the standard market inputs may not be applicable.

- U.S. Government securities – These securities are classified as Level 1. Fair values are based on quoted prices with active markets.

- U.S. Government sponsored agency securities – These debt securities are classified as Level 2. Fair values are determined by a third-party pricing service, as detailed above.

- State and municipal securities/Collateralized mortgage obligations/Residential mortgage-backed securities/Commercial mortgage-backed securities – These debt securities are classified as Level 2. Fair values are determined by a third-party pricing service, as detailed above.

- Corporate debt securities – This category consists of subordinated and senior debt issued by financial institutions ($383.4 million at December 31, 2021 and $362.8 million at December 31, 2020), single-issuer trust preferred securities issued by financial institutions (none at December 31, 2021 and at 2020), and other corporate debt issued by non-financial institutions ($2.8 million at December 31, 2021 and $4.4 million at December 31, 2020). As noted in "Note 3 - Investment Securities", several corporate debt securities were sold during 2020. Refer to the specific note for further information.

  Level 2 investments include subordinated debt and senior debt, and other corporate debt issued by non-financial institutions at December 31, 2021 and 2020. The fair values for these corporate debt securities are determined by a third-party pricing service, as detailed above.

  Level 3 investments include ARCs. Due to their illiquidity, ARCs are classified as Level 3 investments and are valued through the use of an expected cash flows model prepared by a third-party valuation expert. The assumptions used in preparing the expected cash flows model include estimates for coupon rates, time to maturity and market rates of return. The most significant unobservable input to the expected cash flows model is an assumed return to market liquidity sometime within the next 5 years. If the assumed return to market liquidity was lengthened beyond the next 5 years, this would result in a decrease in the fair value of these ARCs. The Corporation believes that the trusts underlying the ARCs will self-liquidate as student loans are repaid. Level 3 values are tested by management through the performance of a trend analysis of the market price and discount rate. Changes in the price and discount rates are compared to changes in market data, including bond ratings, parity ratios, balances and delinquency levels.

  Investments held in Rabbi Trust - This category consists of mutual funds that are held in trust for employee deferred compensation plans that the Corporation has elected to measure at fair value. Shares of mutual funds are valued based on net asset value, which represents quoted market prices for the underlying shares held in the mutual funds, and as such, are classified as Level 1.

Derivative assets - Fair value of foreign currency exchange contracts classified as Level 1 assets ($298,000 at December 31, 2021 and $323,000 at December 31, 2020). The mutual funds and foreign exchange prices used to measure these items at fair value are based on quoted prices for identical instruments in active markets.

Level 2 assets, representing the fair value of mortgage banking derivatives in the form of interest rate locks and forward commitments with secondary market investors ($2.4 million at December 31, 2021 and $8.0 million at December 31, 2020) and the fair value of interest rate swaps ($158.6 million at December 31, 2021 and $331.0 million at December 31, 2020). The fair values of the interest rate locks, forward commitments and interest rate swaps represent the amounts that would be required to settle the derivative financial instruments at the balance sheet date. See "Note 10 - Derivative Financial Instruments," for additional information.

Deferred compensation liabilities – Fair value of amounts due to employees under deferred compensation plans, classified as Level 1 liabilities and are included in other liabilities on the consolidated balance sheets. The fair values of these liabilities are determined in the same manner as the related assets, as described under the heading "Investments held in Rabbi Trust" above.

Derivative liabilities - Level 1 liabilities, representing the fair value of foreign currency exchange contracts ($0.3 million at December 31, 2021 and 2020).

Level 2 liabilities, representing the fair value of mortgage banking derivatives in the form of interest rate locks and forward commitments with secondary market investors ($0.0 million at December 31, 2021 and $2.3 million at December 31, 2020) and the fair value of interest rate swaps ($86.1 million at December 31, 2021 and $165.2 million at December 31, 2020).

The fair values of these liabilities are determined in the same manner as the related assets, which are described under the heading "Derivative assets" above.

The following table presents the changes in AFS investment securities measured at fair value on a recurring basis using unobservable inputs (Level 3) for the years ended December 31:

	Single-issuer Trust Preferred Securities	ARCs
	(in thousands)	
Balance at December 31, 2019	$ 2,400	$ 101,926
Sales	(2,160)	—
Unrealized adjustment to fair value (1)	(242)	(3,720)
Discount accretion (2)	2	—
Balance at December 31, 2020	**$ —**	**$ 98,206**
Sales	**—**	**(24,619)**
Unrealized adjustment to fair value (1)	**—**	**1,080**
Discount accretion (2)	**—**	**—**
Balance at December 31, 2021	**$ —**	**$ 74,667**

(1) Single-issuer trust preferred securities and ARCs are classified as AFS investment securities; as such, the unrealized adjustment to fair value was recorded as an unrealized holding gain (loss) and included as a component of "AFS at estimated fair value" on the consolidated balance sheets.
(2) Included as a component of "net interest income" on the consolidated statements of income.

Certain financial instruments are not measured at fair value on an ongoing basis but are subject to fair value measurement in certain circumstances, such as upon their acquisition or when there is evidence of impairment. The following table presents Level 3 financial instruments measured at fair value on a nonrecurring basis:

	2021	2020
	(in thousands)	
Loans, net	**$ 118,458**	$ 116,584
OREO	**1,817**	4,178
MSRs (1)	**35,393**	28,245
Total assets	**$ 155,668**	$ 149,007

(1) Amounts shown are estimated fair value. MSRs are recorded on the Corporation's consolidated balance sheets at lower of amortized cost or fair value. See "Note 7 - Mortgage Servicing Rights" for additional information.

The valuation techniques used to measure fair value for the items in the table above are as follows:

- Loans, net – This category consists of loans that were individually evaluated for impairment and have been classified as Level 3 assets. In 2021, the amount shown is the balance of nonaccrual loans, net of the related ACL. In 2020, the amount shown is the balance of impaired loans, net of the related ACL See "Note 4 - Loans and Allowance for Credit Losses," for additional details.

- OREO – This category consists of OREO classified as Level 3 assets, for which the fair values were based on estimated selling prices less estimated selling costs for similar assets in active markets.

- MSRs - This category consists of MSRs, which were initially recorded at fair value upon the sale of residential mortgage loans to secondary market investors, and subsequently carried at the lower of amortized cost or fair value. MSRs are amortized as a reduction to servicing income over the estimated lives of the underlying loans. MSRs are stratified by product type and evaluated for impairment by comparing each stratum's carrying amount to its estimated fair value. Fair values are determined at the end of each quarter through a discounted cash flows valuation performed by a third-party valuation expert. Significant inputs to the valuation included expected net servicing income, the discount rate and the expected life of the underlying loans. Expected life is based on the contractual terms of the loans, as adjusted for prepayment projections. The weighted average annual constant prepayment rate and the weighted average discount rate used in the December 31, 2021, valuation were 14.6% and 9.0%, respectively. Management reviews the reasonableness of the significant inputs to the third-party valuation in comparison to market data. See "Note 7 - Mortgage Servicing Rights," for additional information. Changes in any of those inputs, in isolation, could result in a significantly different fair value measurement, as depicted in the table below:

Significant Input	**Scenario Shock**	**% Change in Valuation**
Prepayment Rate	+ 30%	(16)%
Prepayment Rate	- 30%	15%
Discount Rate	- 200 bps	7%
Discount Rate	+ 200 bps	(7)%

The following table details the book values and the estimated fair values of the Corporation's financial instruments as of December 31, 2021 and 2020. A general description of the methods and assumptions used to estimate such fair values is also provided.

	2021				
		Estimated Fair Value			
	Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS			**(in thousands)**		
Cash and cash equivalents	**$ 1,638,614**	**$ 1,638,614**	**$ —**	**$ —**	**$ 1,638,614**
FRB and FHLB stock	**57,635**	**—**	**57,635**	**—**	**57,635**
Loans held for sale	**35,768**	**—**	**35,768**	**—**	**35,768**
HTM securities	**980,384**	**—**	**965,867**	**—**	**965,867**
AFS securities	**3,187,390**	**127,618**	**2,985,105**	**74,667**	**3,187,390**
Net Loans	**18,076,349**	**—**	**—**	**17,519,497**	**17,519,497**
Accrued interest receivable	**57,451**	**57,451**	**—**	**—**	**57,451**
Other assets	**565,491**	**367,336**	**160,945**	**37,210**	**565,491**
FINANCIAL LIABILITIES					
Demand and savings deposits	**$ 19,594,497**	**$ 19,594,497**	**$ —**	**$ —**	**$ 19,594,497**
Brokered deposits	**251,526**	**231,526**	**20,603**	**—**	**252,129**
Time deposits	**1,727,476**	**—**	**1,730,673**	**—**	**1,730,673**
Accrued interest payable	**7,000**	**7,000**	**—**	**—**	**7,000**
Short-term borrowings	**416,764**	**416,764**	**—**	**—**	**416,764**
Long-term borrowings	**621,345**	**—**	**605,719**	**—**	**605,719**
Other liabilities	**288,862**	**188,219**	**86,110**	**14,533**	**288,862**

	2020				
		Estimated Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS			(in thousands)		
Cash and cash equivalents	$ 1,847,832	$ 1,847,832	$ —	$ —	$ 1,847,832
FRB and FHLB stock	92,129	—	92,129	—	92,129
Loans held for sale	83,886	—	83,886	—	83,886
HTM securities	278,281	—	296,857	—	296,857
AFS securities	3,062,143	—	2,963,937	98,206	3,062,143
Net Loans	18,623,253	—	—	18,354,532	18,354,532
Accrued interest receivable	72,942	72,942	—	—	72,942
Other assets	650,425	279,015	338,987	32,423	650,425
FINANCIAL LIABILITIES					
Demand and savings deposits	$ 18,279,358	$ 18,279,358	$ —	$ —	$ 18,279,358
Brokered deposits	335,185	295,185	41,206	—	336,391
Time deposits	2,224,664	—	2,246,457	—	2,246,457
Accrued interest payable	10,365	10,365	—	—	10,365
Short-term borrowings	630,066	630,066	—	—	630,066
Long-term borrowings	1,296,263	—	1,332,041	—	1,332,041
Other liabilities	338,747	156,869	167,505	14,373	338,747

Fair values of financial instruments are significantly affected by the assumptions used, principally the timing of future cash flows and discount rates. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values could not necessarily be realized in an immediate sale or settlement of the instrument. The aggregate fair value amounts presented do not necessarily represent management's estimate of the underlying value of the Corporation.

For short-term financial instruments, defined as those with remaining maturities of 90 days or less, and excluding those recorded at fair value on the Corporation's consolidated balance sheets, book value was considered to be a reasonable estimate of fair value.

The following instruments are predominantly short-term:

Assets	Liabilities
Cash and cash equivalents	Demand and savings deposits
Accrued interest receivable	Short-term borrowings
	Accrued interest payable

FRB and FHLB stock represent restricted investments and are carried at cost on the consolidated balance sheets, which is a reasonable estimate of fair value.

As of December 31, 2021, fair values for loans and time deposits were estimated by discounting future cash flows using the current rates, as adjusted for liquidity considerations, at which similar loans would be made to borrowers and similar deposits would be issued to customers for the same remaining maturities. Fair values of loans also include estimated credit losses that would be assumed in a market transaction, which represents estimated exit prices.

Brokered deposits consists of demand and saving deposits, which are classified as Level 1, and time deposits, which are classified as Level 2. The fair value of these deposits are determined in a manner consistent with the respective type of deposits discussed above.

NOTE 20 – CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY

CONDENSED BALANCE SHEETS

	December 31,	
	2021	2020
	(in thousands)	
ASSETS		
Cash and cash equivalents	**$ 352,715**	$ 10,063
Other assets	**25,888**	28,940
Receivable from subsidiaries	**50,822**	53,438
Investments in:		
Bank subsidiary	**2,872,274**	3,045,529
Non-bank subsidiaries	**188,171**	313,003
Total Assets	**$ 3,489,870**	$ 3,450,973
LIABILITIES AND EQUITY		
Long-term borrowings	**$ 620,406**	$ 759,782
Payable to non-bank subsidiaries	**78,793**	—
Other liabilities	**77,991**	74,363
Total Liabilities	**777,190**	834,145
Shareholders' equity	**2,712,680**	2,616,828
Total Liabilities and Shareholders' Equity	**$ 3,489,870**	$ 3,450,973

CONDENSED STATEMENTS OF INCOME

	2021	2020	2019
		(in thousands)	
Income:			
Dividends from subsidiaries	**$ 469,339**	$ 161,000	$ 209,000
Other [(1)]	**258**	100	191,978
	469,597	161,100	400,978
Expenses	**58,527**	48,634	218,837
Income before income taxes and equity in undistributed net income of subsidiaries	**411,070**	112,466	182,141
Income tax benefit	**(12,516)**	(9,679)	(5,798)
	423,586	122,145	187,939
Equity in undistributed net income (loss) of:			
Bank subsidiary	**(133,157)**	162,037	44,926
Non-bank subsidiaries	**(14,932)**	(106,142)	(6,526)
Net Income	**275,497**	178,040	226,339
Preferred stock dividends	**(10,277)**	(2,135)	—
Net Income Available to Common Shareholders	**$ 265,220**	$ 175,905	$ 226,339

(1) Consists primarily of management fees received from subsidiary banks in 2019 and 2018.

CONDENSED STATEMENTS OF CASH FLOWS

	2021	2020	2019
		(in thousands)	
Cash Flows From Operating Activities:			
Net Income	**$ 275,497**	$ 178,040	$ 226,339
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of issuance costs and discount of long-term debt	**1,846**	1,128	842
Stock-based compensation	**8,402**	7,529	7,413
(Increase) decrease in other assets	**119,822**	(307,976)	(20,449)
Equity in undistributed net income of subsidiaries	**148,091**	(55,895)	(38,400)
Write-off of unamortized costs on trust preferred securities	**12,390**	—	—
(Decrease) increase in other liabilities and payable to non-bank subsidiaries	**78,716**	(244,598)	1,580
Total adjustments	**369,267**	(599,812)	(49,014)
Net cash provided by operating activities	**644,764**	(421,772)	177,325
Cash Flows From Investing Activities	—	—	—
Cash Flows From Financing Activities:			
Repayments of long-term borrowings	**(153,612)**	(19,453)	—
Additions to long-term borrowings	**—**	370,898	—
Net proceeds from issuance of preferred stock	**—**	192,878	—
Net proceeds from issuance of common stock	**7,437**	7,375	6,362
Dividends paid	**(112,028)**	(90,956)	(92,330)
Acquisition of treasury stock	**(43,909)**	(39,748)	(111,457)
Net cash used in financing activities	**(302,112)**	420,994	(197,425)
Net (Decrease) Increase in Cash and Cash Equivalents	**342,652**	(778)	(20,100)
Cash and Cash Equivalents at Beginning of Year	**10,063**	10,841	30,941
Cash and Cash Equivalents at End of Year	**$ 352,715**	$ 10,063	$ 10,841

Management Report on Internal Control Over Financial Reporting

The management of Fulton Financial Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Fulton Financial Corporation’s internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Corporation’s internal control over financial reporting as of December 31, 2021, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on this assessment, management concluded that, as of December 31, 2021, the Corporation’s internal control over financial reporting is effective based on those criteria.

/s/ E. PHILIP WENGER

E. Philip Wenger
Chairman and Chief Executive Officer

/s/ MARK R. MCCOLLOM

Mark R. McCollom
Senior Executive Vice President
and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Fulton Financial Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Fulton Financial Corporation and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for the recognition and measurement of credit losses as of January 1, 2020 due to the adoption of ASU 2016-13, *Financial Instruments – Credit Losses* (ASC Topic 326): *Measurement of Credit Losses on Financial Instruments*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of the allowance for credit losses related to loans evaluated collectively for expected credit losses

As discussed in Notes 1 and 4 to the consolidated financial statements, the Company's allowance for credit losses related to loans evaluated collectively for expected credit losses (collective ACL) was $234.9 million, of a total allowance for credit losses of $249.0 million as of December 31, 2021. The collective ACL includes the measure of expected credit losses on a collective (pooled) basis for those loans and leases that share similar risk characteristics and uses an undiscounted approach. The Company estimates the collective ACL by applying a probability of default (PD) and loss given default (LGD) to the exposure at default (EAD) at the loan level. The PD models are econometric regression models that utilize the Company's historical credit loss experience and incorporate a reasonable and supportable economic forecast through the use of externally developed macroeconomic scenarios. After a reasonable and supportable forecast period, the forecast of future economic conditions reverts to long-run historical economic trends. The LGD model calculates a lifetime LGD estimate for each loan pool utilizing a loss rate approach that is based on the Company's historical charge-off experience. The EAD calculation incorporates pre-payment rates, and inputs related to loan level cash flows, maturity dates, and interest rates. The pre-payment rates utilized in the EAD calculation are sourced from a prepayment model that utilizes the Company's historical loan prepayment history to develop prepayment speeds. The collective ACL also includes qualitative reserve adjustments for factors that are not fully captured in the quantitative models.

We identified the assessment of the valuation of the collective ACL as a critical audit matter. Such assessment involved significant measurement uncertainty requiring especially complex auditor judgment, and specialized skills and knowledge of the industry. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained. The assessment of the collective ACL encompassed the evaluation of the overall ACL methodology, which includes the methods and models used to estimate PD, LGD, and EAD and their key assumptions and inputs. Key assumptions and inputs used in the estimation of the PD rate include the historical observation period, loan pool segmentation including the use of credit risk ratings for commercial and industrial loans, commercial mortgages and construction loans, and a reasonable and supportable economic forecast which includes reversion to a long run historical economic trends. Key assumptions and inputs used in the estimation of the LGD rate include the loan pool segmentation and historical observation period. Key assumptions and inputs used in the estimation of the EAD include a constant prepayment rate and loan level cash flow adjustments. Key assumptions and inputs used in the estimation of the constant prepayment rate include interest rates, the historical observation period and loan pool segmentation. The assessment also included an evaluation of the qualitative adjustments including an evaluation of the methods used by management in estimating this reserve. The collective ACL estimate is sensitive to changes in the assumption discussed above such that changes in these assumptions can cause significant changes to the estimate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the collective ACL estimate, including controls over the:

- development of the collective ACL methodology

- development of the PD, LGD, and prepayment models and of the methods used to calculate the EAD
- identification and determination of the key inputs and assumptions used in the PD and LGD models, and EAD calculation which included key inputs and assumptions within the pre-payment model
- performance monitoring of the PD, LGD, and prepayment models
- development of the qualitative adjustments
- measurement and on-going monitoring of the overall ACL estimate.

We evaluated the Company's process to develop the collective ACL estimate by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, assumptions, and related methodologies. In addition, we involved credit risk professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's collective ACL methodology for compliance with U.S. generally accepted accounting principles
- evaluating the assumptions and methodologies used in developing the PD rates, LGD rates, and EAD estimate and judgments made by the Company relative to performance monitoring by inspecting management's model and methodology documentation and through comparisons against Company specific metrics, the Company's business environment, and applicable industry and regulatory practices
- determining whether loans are pooled by similar risk characteristics by comparing to the Company's business environment and relevant industry practices
- testing individual credit ratings for a selection of borrowers by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees and underlying collateral evaluating the methodology used to develop the qualitative adjustments by inspecting management's methodology and development documentation and assessing the effects of these factors on the collective ACL estimate compared with relevant industry practices and Company specific metrics.

We also assessed the sufficiency of the audit evidence obtained related to the collective ACL estimate by evaluating the cumulative results of the audit procedures, qualitative aspects of the Company's accounting practices, and potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Philadelphia, Pennsylvania
February 28, 2022

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures, as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon the evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, the Corporation's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in the Corporation's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

The "Management Report on Internal Control over Financial Reporting" and the "Report of Independent Registered Public Accounting Firm" may be found in Item 8, "Financial Statements and Supplementary Data" of this document.

Changes in Internal Control over Financial Reporting

On April 30, 2021 Michael J. DePorter announced a leave of absence as Controller effective immediately. Mark R. McCollom, the Senior Executive Vice President and Chief Financial Officer, served as the Interim Principal Accounting Officer upon his leave. On and effective September 21, 2021, Anthony L. Cossetti was appointed to the position of Executive Vice President, Chief Accounting Officer and Controller, at which time he assumed the role and responsibilities of Principal Accounting Officer for SEC reporting purposes.

There were no changes in internal control during the fourth quarter of 2021.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated by reference herein is the information appearing under the headings "Information about Nominees, Directors and Independence Standards," "Related Person Transactions," "Section 16(a) Beneficial Ownership Reporting Compliance," "Code of Conduct," "Procedure for Shareholder Nominations," and "Other Board Committees" within the Corporation's 2022 Proxy Statement. The information concerning executive officers required by this Item is provided under the caption "Executive Officers" within Item 1, Part I, "Business" in this Annual Report.

The Corporation has adopted a code of ethics (Code of Conduct) that applies to all directors, officers and employees, including the Chief Executive Officer, the Chief Financial Officer and the Corporate Controller. A copy of the Code of Conduct may be obtained free of charge by writing to the Corporate Secretary at Fulton Financial Corporation, P.O. Box 4887, Lancaster, Pennsylvania 17604-4887, and is also available via the Internet at www.fultonbank.com.

Item 11. Executive Compensation

Incorporated by reference herein is the information appearing under the headings "Information Concerning Executive Compensation" and "Human Resources Committee Interlocks and Insider Participation" within the Corporation's 2022 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference herein is the information appearing under the heading "Security Ownership of Directors, Nominees, Management and Certain Beneficial Owners" within the Corporation's 2022 Proxy Statement, and information appearing under the heading "Securities Authorized for Issuance under Equity Compensation Plans" within Item 5, "Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities" in this Annual Report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference herein is the information appearing under the headings "Related Person Transactions" and "Information about Nominees, Directors and Independence Standards" within the Corporation's 2022 Proxy Statement, and the information appearing in "Note 4 - Loans and Allowance for Credit Losses," of the Notes to Consolidated Financial Statements in Item 8, "Financial Statements and Supplementary Data" in this Annual Report.

Item 14. Principal Accounting Fees and Services

Our independent registered accounting firm is KPMG LLP, Philadelphia, PA, Auditor Firm ID: 185.

Incorporated by reference herein is the information appearing under the heading "Relationship With Independent Public Accountants" within the Corporation's 2022 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements — The following consolidated financial statements of Fulton Financial Corporation and subsidiaries are incorporated herein by reference in response to Item 8 above:
   - (i) Consolidated Balance Sheets - December 31, 2021 and 2020.
   - (ii) Consolidated Statements of Income - Years ended December 31, 2021, 2020 and 2019.
   - (iii) Consolidated Statements of Comprehensive Income - Years ended December 31, 2021, 2020 and 2019.
   - (iii) Consolidated Statements of Shareholders' Equity - Years ended December 31, 2021, 2020 and 2019.
   - (iv) Consolidated Statements of Cash Flows - Years ended December 31, 2021, 2020 and 2019.
   - (v) Notes to Consolidated Financial Statements.
   - (vi) Report of Independent Registered Public Accounting Firm.
2. Financial Statement Schedules — All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and have therefore been omitted.

3.1	Articles of Incorporation, as amended and restated, of Fulton Financial Corporation as amended – Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report Form 8-K filed June 24, 2011.
3.2	Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State - Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.
3.3	Bylaws of Fulton Financial Corporation as amended – Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on a Form 8-K filed May 14, 2021.
4.1	An Indenture entered into on November 17, 2014 between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $250 million aggregate principal amount of 4.50% subordinated notes due November 15, 2024 – Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed November 17, 2014.
4.2	First Supplemental Indenture entered into on November 17, 2014 between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $250 million aggregate principal amount of 4.50% subordinated notes due November 15, 2024 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed November 17, 2014.
4.3	Form of 4.50% Subordinated Notes due 2024 (Included in Exhibit 4.2).
4.4	Second Supplemental Indenture entered into March 3, 2020, between Fulton Financial Corporation and Wilmington Trust, National Association, as trustee, relating to the issuance by Fulton Financial Corporation of $200 million aggregate principal amount of 3.25% subordinated notes due March 15, 2030 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed March 3, 2020.
4.5	Form of 3.250% Fixed-to-Floating Rate Subordinated Notes due 2030 (Included in Exhibit 4.4).
4.6	Third Supplemental Indenture entered into March 3, 2020, between Fulton Financial Corporation and Wilmington Trust, National Association, as trustee, relating to the issuance by Fulton Financial Corporation of $175 million aggregate principal amount of 3.75% subordinated notes due March 15, 2035 - Incorporated by reference to Exhibit 4.3 of the Fulton Financial Corporation Current Report on Form 8-K filed March 3, 2020.
4.7	Form of 3.750% Fixed-to-Floating Rate Subordinated Notes due 2035 (Included in Exhibit 4.6).
4.8	An Indenture entered into on March 16, 2017 between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $125 million aggregate principal amount of 3.60% senior notes due March 16, 2022 - Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed March 16, 2017.
4.9	First Supplemental Indenture entered into on March 16, 2017 between Fulton Financial Corporation and Wilmington Trust Company as trustee, relating to the issuance by Fulton Financial Corporation of $125 million aggregate principal amount of 3.60% senior notes due March 16, 2022 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed March 16, 2017.
4.10	Form of 3.60% Senior Notes due Form of 3.60% Senior Notes due 2022 (Included in Exhibit 4.9).

4.11	Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State - Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.
4.12	Deposit Agreement, dated October 29, 2020, among Fulton Financial Corporation, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein - Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.
4.13	Form of depositary receipt representing the Depositary Shares (Included in Exhibit 4.12).
4.14	Description of Fulton Financial Corporation Securities - Incorporated by reference to Exhibit 4.7 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
10.1	Amended Employment Agreement between Fulton Financial Corporation and E. Philip Wenger dated November 12, 2008 – Incorporated by reference to Exhibit 10.5 of the Fulton Financial Corporation Current Report on Form 8-K filed November 14, 2008.
10.2	Form of Executive Employment Agreement between Fulton Financial Corporation and certain Executive Officers of Fulton Financial Corporation - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Current Report on Form 8-K filed January 4, 2018.
10.2.1	Schedule of Executive Employment Agreements between Fulton Financial Corporation and certain Executive Officers of Fulton Financial Corporation - Filed herewith.
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10.4	Form of Death Benefit Only Agreement to Senior Management - Incorporated by reference to Exhibit 10.9 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2006.
10.5	Fulton Financial Corporation Amended and Restated Equity and Cash Incentive Compensation Plan – Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Current Report on Form 8-K filed May 3, 2013.
10.6	Amendment No. 1 to Fulton Financial Corporation Amended and Restated Equity and Cash Incentive Compensation Plan - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016.
10.7	Amendment No. 2 to Fulton Financial Corporation Amended and Restated Equity and Cash Incentive Compensation Plan - Incorporated by reference to Exhibit 10.9 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2017.
10.8	Form of Option Award and Form of Restricted Stock Award under the Fulton Financial Corporation Amended and Restated Equity and Cash Incentive Compensation Plan between Fulton Financial Corporation and Officers of the Corporation – Incorporated by reference to Exhibits 10.1 and 10.2, respectively, of the Fulton Financial Corporation Current Report on Form 8-K filed June 19, 2013.
10.9	Amended and Restated Fulton Financial Corporation Employee Stock Purchase Plan – Incorporated by reference to Exhibit A to Fulton Financial Corporation's definitive proxy statement, filed March 26, 2014.
10.10	Amendment No. 1 to the Amended and Restated Fulton Financial Corporation Employee Stock Purchase Plan - Incorporated by reference to Exhibit 10.10 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
10.11	Fulton Financial Corporation Deferred Compensation Plan, as amended and restated effective December 1, 2015 – Incorporated by reference to Exhibit 10.12 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
10.12	First Amendment effective January 1, 2019 to the Fulton Financial Corporation Deferred Compensation Plan - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019.
10.13	Second Amendment effective January 1, 2021 to the Fulton Financial Corporation Deferred Compensation Plan - Incorporated by reference to Exhibit 10.13 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2020.
10.14	Third Amendment effective March 11, 2021 to the Fulton Financial Corporation Deferred Compensation Plan - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021.
10.15	Fourth Amendment effective July 20, 2021 to the Fulton Financial Corporation Deferred Compensation Plan - Incorporated by reference to Exhibit 10.2 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021.

10.16	Fifth Amendment, effective January 1, 2022, to the Fulton Financial Corporation Deferred Compensation Plan - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021.
10.17	Forms of Time-Vested Restricted Stock Unit Award Agreement and Performance Share Restricted Stock Unit Award Agreement between Fulton Financial Corporation and Certain Employees of the Corporation as of March 18, 2014 – Incorporated by reference to Exhibits 10.1 and 10.2, respectively, of the Fulton Financial Corporation Current Report on Form 8-K filed March 24, 2014.
10.18	Fulton Financial Corporation Non-Employee Director Compensation - filed herewith.
10.19	Form of Director Stock Unit Award Agreement under the Directors' Equity Participation Plan, as amended - Incorporated by reference to Exhibit 10.15 of the Fulton Financial Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2018.
10.20	Fulton Financial Corporation Amended and Restated Directors' Equity Participation Plan – Incorporated by reference to Exhibit 10.1 of Fulton Financial Corporation's Current Report on Form 8-K filed May 23, 2019.
10.21	Form of Master Confirmation between Fulton Financial Corporation and Goldman, Sachs & Co. - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Current Report on Form 8-K filed November 17, 2014.
10.22	Agreement between Fulton Financial Corporation and Fiserv Solutions, LLC dated July 11, 2016 - Incorporated by reference to Exhibit 10.1 of the Fulton Financial Corporation Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended. The redacted material was filed separately with the Securities and Exchange Commission.
10.23	Amendment to Agreement between Fulton Financial Corporation and Fiserv Solutions, LLC dated December 20, 2021. Portions of this exhibit have been omitted in accordance with Item 601(b)(10) of Regulation S-K. Filed herewith.
21	Subsidiaries of the Registrant.
23	Consent of Independent Registered Public Accounting Firm.
24	Power of Attorney
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.
104	Cover page interactive data file (formatted as inline XBRL and contained in Exhibit 101)

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FULTON FINANCIAL CORPORATION
(Registrant)

Dated: February 28, 2022

By: /S/ E. PHILIP WENGER
E. Philip Wenger,
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been executed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature		Capacity	Date
/S/ JENNIFER CRAIGHEAD CAREY **Jennifer Craighead Carey**	*	Director	February 28, 2022
/S/ LISA CRUTCHFIELD **Lisa Crutchfield**	*	Director	February 28, 2022
/S/ ANTHONY L. COSSETTI **Anthony L. Cossetti**		Executive Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 28, 2022
/S/ DENISE L. DEVINE **Denise L. Devine**	*	Director	February 28, 2022
/S/ STEVEN S. ETTER **Steven S. Etter**	*	Director	February 28, 2022
/S/ CARLOS E. GRAUPERA **Carlos E. Graupera**	*	Director	February 28, 2022
/S/ GEORGE W. HODGES **George W. Hodges**	*	Director	February 28, 2022
/S/ MARK R. MCCOLLOM **Mark R. McCollom**		Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2022

Signature		Capacity	Date
/S/GEORGE K. MARTIN **George K. Martin**	*	Director	February 28, 2022
/S/ JAMES R. MOXLEY, III **James R. Moxley, III**	*	Director	February 28, 2022
/S/ CURTIS J. MYERS **Curtis J. Myers**		Director, President and Chief Operating Officer	February 28, 2022
/S/ SCOTT A. SNYDER **Scott A. Snyder**	*	Director	February 28, 2022
/S/ RONALD H. SPAIR **Ronald H. Spair**	*	Director	February 28, 2022
/S/ MARK F. STRAUSS **Mark F. Strauss**	*	Director	February 28, 2022
/S/ ERNEST J. WATERS **Ernest J. Waters**	*	Director	February 28, 2022
/S/ E. PHILIP WENGER **E. Philip Wenger**		Chairman and Chief Executive Officer (Principal Executive Officer)	February 28, 2022
*By /S/ NATASHA R. LUDDINGTON **Natasha R. Luddington** Attorney-in-Fact			February 28, 2022

EXHIBIT INDEX

Exhibits Required Pursuant to Item 601 of Regulation S-K

3.1 Articles of Incorporation, as amended and restated, of Fulton Financial Corporation as amended – Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report Form 8-K filed June 24, 2011.

3.2 Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State - Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.

3.3 Bylaws of Fulton Financial Corporation as amended – Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on a Form 8-K filed May 14, 2021.

4.1 An Indenture entered into on November 17, 2014, between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $250 million aggregate principal amount of 4.50% subordinated notes due November 15, 2024 – Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed November 17, 2014.

4.2 First Supplemental Indenture entered into on November 17, 2014, between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $250 million aggregate principal amount of 4.50% subordinated notes due November 15, 2024 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed November 17, 2014.

4.3 Form of 4.50% Subordinated Notes due 2024 (Included in Exhibit 4.2).

4.4 Second Supplemental Indenture entered into March 3, 2020, between Fulton Financial Corporation and Wilmington Trust, National Association, as trustee, relating to the issuance by Fulton Financial Corporation of $200 million aggregate principal amount of 3.25% subordinated notes due March 15, 2030 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed March 3, 2020.

4.5 Form of 3.250% Fixed-to-Floating Rate Subordinated Notes due 2030 (Included in Exhibit 4.4).

4.6 Third Supplemental Indenture entered into March 3, 2020, between Fulton Financial Corporation and Wilmington Trust, National Association, as trustee, relating to the issuance by Fulton Financial Corporation of $175 million aggregate principal amount of 3.75% subordinated notes due March 15, 2035 - Incorporated by reference to Exhibit 4.3 of the Fulton Financial Corporation Current Report on Form 8-K filed March 3, 2020.

4.7 Form of 3.750% Fixed-to-Floating Rate Subordinated Notes due 2035 (Included in Exhibit 4.6).

4.8 An Indenture entered into on March 16, 2017, between Fulton Financial Corporation and Wilmington Trust, National Association as trustee, relating to the issuance by Fulton Financial Corporation of $125 million aggregate principal amount of 3.60% senior notes due March 16, 2022 - Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed March 16, 2017.

4.9 First Supplemental Indenture entered into on March 16, 2017, between Fulton Financial Corporation and Wilmington Trust Company as trustee, relating to the issuance by Fulton Financial Corporation of $125 million aggregate principal amount of 3.60% senior notes due March 16, 2022 - Incorporated by reference to Exhibit 4.2 of the Fulton Financial Corporation Current Report on Form 8-K filed March 16, 2017.

4.10 Form of 3.60% Senior Notes due Form of 3.60% Senior Notes due 2022 (Included in Exhibit 4.9).

4.11 Statement with Respect to Shares of Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A of Fulton Financial Corporation, dated October 23, 2020, filed with the Pennsylvania Department of State - Incorporated by reference to Exhibit 3.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.

4.12 Deposit Agreement, dated October 29, 2020, among Fulton Financial Corporation, Equiniti Trust Company, as depositary, and the holders from time to time of the depositary receipts described therein - Incorporated by reference to Exhibit 4.1 of the Fulton Financial Corporation Current Report on Form 8-K filed on October 29, 2020.

4.13 Form of depositary receipt representing the Depositary Shares (Included in Exhibit 4.12).

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104	Cover page interactive data file (formatted as inline XBRL and contained in Exhibit 101)

INVESTOR INFORMATION

Investor Information
Stock Listing

Common shares of Fulton Financial Corporation are traded under the symbol “FULT” and are listed in the NASDAQ Global Select Market.

Cash Dividends

The Fulton Financial Corporation Board of Directors decides whether to declare a quarterly cash dividend in the third month of each quarter (i.e., March, June, September and December).

Dividend Reinvestment Plan and Direct Deposit of Cash Dividends

Fulton Financial Corporation offers its shareholders the convenience of a Dividend Reinvestment and Stock Purchase Plan and direct deposit of cash dividends.

Holders of stock may have their quarterly dividends automatically reinvested in additional shares of the Corporation’s common stock by utilizing the Dividend Reinvestment Plan.

Shareholders participating in the Plan may also make voluntary cash contributions not to exceed $25,000 per month.

In addition, shareholders have the option of having their cash dividends sent directly to their financial institution for deposit into their checking or savings account.

Shareholders may receive information on either the Dividend Reinvestment Plan and Stock Purchase Plan, including a plan prospectus, or direct deposit of cash dividends by writing to:

Stock Transfer Department
Fulton Financial Advisors
P.O. Box 3215
Lancaster, PA 17604-3215
or by calling: 717-291-2546 or
toll-free: 1-800-626-0255.

GO GREEN!

Would you like to help your company manage expenses? Vote your shares online or by phone as outlined on the voter instruction form enclosed in this proxy packet.

Would you like to receive your proxy materials sooner? Sign up to receive your materials electronically when you vote your shares online at www.proxyvote.com.

Investor Information and Documents

A copy of the Corporation’s Annual Report, Form 10-K, Proxy Statement and other documents filed with the Securities and Exchange Commision can be viewed on the Corporation’s website at www.fult.com. In addition, copies of the Form 10-K and Proxy Statement may be obtained without charge to shareholders by writing to:

Corporate Secretary
Fulton Financial Corporation
P.O. Box 4887
Lancaster, PA 17604-4887

News, stock information, Corporate presentations and other information can be found on the Corporation’s website at www.fultonbank.com.

The Annual Meeting of Shareholders of Fulton Financial Corporation will be held on Tuesday, May 17, 2022 at 10:00 a.m. Meeting details are outlined in the Proxy Statement.

FULTON FINANCIAL
CORPORATION

(NASDAQ: FULT)

Customer Service
1.800.FULTON.4
(1.800.385.8664)

Consumer & Business Banking
fultonbank.com

Investor Relations
fultonbank.com

P.O. Box 4887 • One Penn Square • Lancaster, PA 17064-4887